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HOTELS, MOTELS & RESORTS

***On the brink of a recovery?—pages 51-73***

Nation's
# Restaurant News®

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**Carl Karcher (right) displays MUFSO Man-of-the-Year award he received at MUFSO '83 conference last month in Los Angeles. With him are 1982 Man-of-the-Year Norman Brinker (left) and *Nation's Restaurant News* editor Charles Bernstein. For full story, see page 3.**

*Overextension deplored*

# MUFSO '83 lesson: Get 'back to basics'

**By Charles Forman**

LOS ANGELES—The message was clear: You've got to do what you do best.

As recession clouds fade in the face of recovery, top food-service chain executives meeting here last month were seemingly almost united in this view.

Drawing industry chieftains together to express this new back-to-basics outlook was *Nations' Restaurant News'* 24th Annual Multi-Unit Food Service Operators (MUFSO) conference at the Century Plaza Hotel.

When a top Burger King official told hundreds of peers that BK's strategy to expand demand for their products was to refine the BK appeal—that is concentrate on their perceived strengths—heads nodded in every corner and a palpable wave of approval swept the auditorium.

***Complete MUFSO '83 coverage, pages 15-46***

A record 1,100 registrants crowded into session after session of the Oct. 9-12 meeting to hear the top operators tie their business strategies into the MUFSO '83 theme: Quest for Quality.

They heard speakers from every multiunit segment—fast food, casual theme, white tablecloth, family restaurants, hotels, contract management—follow each other to the rostrum with a message that began to resound like a litany.

The way to quality is to "develop a plan and stick with it," declared John Weaver, W. R.

*(Continued on page 142)*

# T.G.I. Friday's sets accelerated growth plans

**By Roman Czajkowsky**

DALLAS—Even while a growing chorus of industry experts is warning of rapidly approaching maturation for casual themers, Carlson Companies' just-disclosed plan to spin off its T.G.I. Friday's restaurants subsidiary through a public offering is likely to speed expansion of this specialty restaurant chain.

Ten-year-old Friday's has some impressive numbers going for it that should send investors scrambling to pick up its stock. On a typical investment of $2 million before cost of land, the average Friday's in 1982 raked in $3.6 million, 37% of which came from usually highly profitable beverage sales.

But as the Cassandras see it, the casual theme concepts will soon have to deal with changing consumer preferences and demographics, oversaturation and a need for differentiation from competitors. Perhaps most importantly, though, they'll also have to respond to growing pressures on the beverage side of their businesses—the bread and butter of most casual themers.

Whatever the merits of such views, casual themers for years now have been among the strongest performers of restaurant chain concepts. The combination of "fun" foods, free-flowing booze and atmosphere has allowed the likes of Friday's, Houlihan's and Bennigan's to thrive, especially in secondary markets where their predominantly youthful clientele had not seen the likes of them before.

Unlike most of its competitors, Friday's has kept its corporate strategies and operational results close to the vest, however. But its filing for a public offering allows an unusual glimpse behind the scenes of this trail-blazing chain.

As of early September, the company owned and operated 64 Friday's, six Dalts Restaurants and was test marketing two Fast Friday's fast-food restaurants. In addition, 10 other Friday's were operated under franchise or license agreements.

In fiscal 1982, T.G.I. Friday's had a net income of $9.4 million on revenues of $188 million, compared to the prior year's $6.9 million and $153 million,

*(Continued on page 5)*

# Harvin leaves Church's

**By Don Jeffrey**

SAN ANTONIO—Roger A. Harvin has resigned as president, chairman and chief executive of Church's Fried Chicken, becoming the third top executive to leave the chain in the past few months.

J. David Bamberger, a former Church's vice president who left 10 years ago and returned this summer to take a vacated seat on the board, was elected chairman and given authority to run the company until a new president is found. The board was said to be "leaning toward an outsider" to take over the 1,490-unit chain.

Observers were surprised by the timing of Harvin's early retirement, coming just weeks after William Storm, chief financial officer, resigned, and a few months after James Parker, chief operating officer, also left the company. They said Harvin's decision to retire before his contract expired in 1985 was linked to Church's disappointing performance in recent years.

Harvin, 50, discounted speculation that he had been at odds with the board over the direction of the company. He said he

*(Continued on page 142)*

# Wendy's rolls out baked potatoes

*Approves nationwide breakfast menu*

**By Joe Edwards**

DUBLIN, Ohio—Wendy's has installed ovens in 2,500 domestic restaurants and initially will use them to cook baked potatoes, the chain's surprising new menu item that will be rolled out systemwide by the end of this month.

Meanwhile, the third largest fast-food burger chain finally has approved a nationwide breakfast menu that features four made-to-order omelets.

With ovens in all its kitchens, Wendy's has the capacity to move beyond the traditional boundary of the limited-menu, fast-food segment and strengthen its self-proclaimed position as an adult fast feeder.

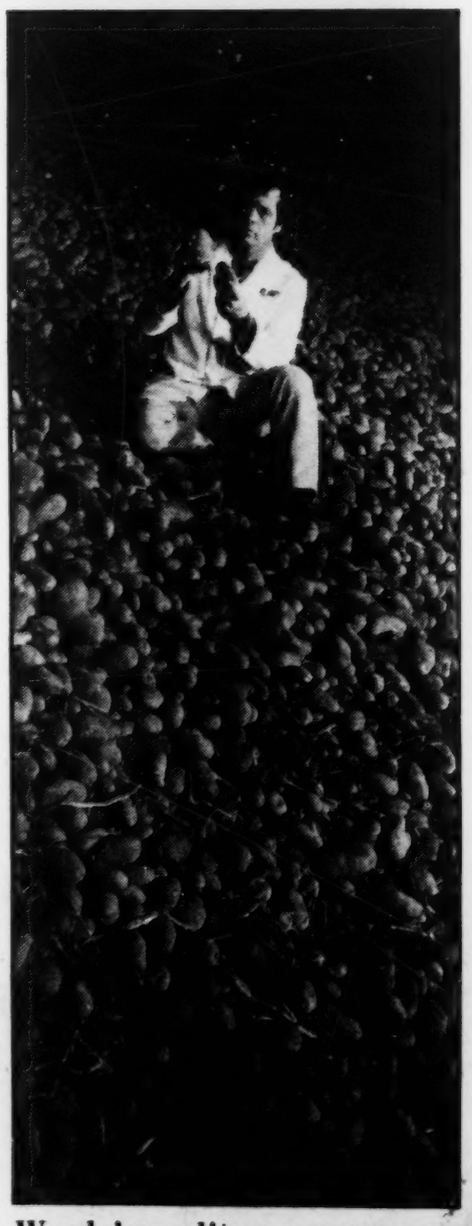
There are no immediate plans to use the ovens for anything besides baking potatoes. At a total cost of $10 million, however, the new equipment undoubtedly will be put to other uses, possibly cooking dinner entrees and fresh biscuits.

"The flexibility of this oven offers us all kinds of opportunities down the road," declared spokesman Denny Lynch. "We certainly will maximize the use of all our restaurant equipment."

Wendy's, whose burger-based menu has been expanded in the last four years to include a taco salad, a large salad bar and chili, already is testing five dinner platters at 11 Cincinnati units. It is also testing premise-made biscuits in the South.

Having ovens systemwide provides Wendy's with the ability to easily expand the dinner test; baked potatoes are an obvious choice for a dinner side dish. In test stores, dinner entrees are now served with french fries and salads.

*(Continued on page 142)*



**Wendy's quality assurance supervisor inspects some of the 225 million potatoes the chain expects to sell annually.**

## LATE NEWSBREAKS

**A McDonald's franchisee, Andres Management Corp., has withdrawn an application to serve wine and beer at a new McDonald's unit in the California Sierras hunting and skiing resort town of Mammoth Lakes. Residents had protested the plans as detrimental to the many high school students who would work there. McD serves wine and beer domestically only at its headquarters Golden Arch unit near Chicago.**

**Sysco Corp., the Houston-based $2-billion volume food-service distribution company, has acquired two regional competitors, $60 million volume Pegler & Co., Lincoln, Neb., and $50 million volume B. A. Railton, Chicago.**

**Saga plans to open a new full-service restaurant, catering and take-out concept called Brandi's next to Quality Inns' new all-suite hotels.**

FINANCIAL NEWS

# Southern Hospitality net up 43% in 1st quarter

NASHVILLE—Southern Hospitality Corp., operator of several restaurant concepts including 25 franchised Wendy's, reported net profit for the first quarter ended Aug. 31 rose 43% to $274,033 compared to the same quarter last year.

Revenues for the quarter increased 46% to $8 million.

Besides its Wendy's, Southern Hospitality operates 12 Mr. Gatti's Pizza Restaurants, five Ireland's Restaurants, and two Tempo's Restaurants, all in the Nashville area.

David McKenzie, vice president of corporate relations, said the company plans to open its first restaurant outside the Nashville area—a tempo's in downtown Memphis—in early November. It also plans to open two more Ireland's and two more Wendy's this fall.

R. Wayne Oldham, chairman, said that $5 million out of a recent $5.9 million stock offering would be used for expansion programs. The remaining $900,000 has been used to pay debts.

Oldham also said that all of Southern Hospitality's concepts contributed to the first-quarter sales and profit increases.

He noted that the Mr. Gatti's units, which were purchased in September 1982, gave $1.4 million of the increased sales. "Even without Mr. Gatti's contribution," he said, "Southern Hospitality's revenues would have been up over 20%."

In other news McKenzie said the company still planned to go ahead with a new concept that combines a convenience store with a gas station and a fast-food unit.

He said a prototype store would probably be built next fall. At present, he added, the company was doing research with focus groups on menu and design. This new concept is part of the company's five-year strategic plan.

## *Morrison's continues strong showing*

MOBILE, Ala.—Morrison Inc. posted a 16% net profit gain to $4.6 million for the first quarter ended Aug. 27, compared to last year's first quarter.

First-quarter revenues rose 10% year to year to $113.2 million.

The 162-unit cafeteria chain also disclosed that it was scaling back its initial plans to build 10 new units this fiscal year. The firm cited "insolvable problems" with several planned sites.

During the first quarter one new cafeteria and a Ruby Tuesday specialty restaurant opened.

Morrison's contract-feeding and food and equipment divisions performed particularly well in the first quarter, the company said.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Oct. 21 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | | | | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | | Amt. | Yield | | Revenue | Earnings | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.63 | 6.25 | 6.25 | -.13 | -1.96 | 7.88 | 5.00 | -.13 | -.25 | -5.15 | 34.34 | .05 | .10 | N | 500.0 | -8.0 | .3 | 52.1 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 34.75 | 31.25 | 31.38 | -2.75 | -8.06 | 38.50 | 21.63 | .23 | -1.54 | 1.07 | 18.68 | 2.52 | .42 | F | 20.0 | 53.0 | 7.9 | 12.5 | .25 | .8 | 08-10-83 | 175.1 | 13.9 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 52.00 | 46.00 | 46.75 | -5.50 | -10.53 | 55.00 | 31.25 | -.14 | -1.59 | -.54 | 33.42 | 3.43 | .52 | N | 15.0 | -2.0 | 1.4 | 11.7 | 2.05 | 4.4 | 11-25-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 16.00 | 12.50 | 12.50 | -3.75 | -23.08 | 18.50 | 3.66 | -.55 | -4.80 | -2.33 | 3.88 | .39 | .13 | N | 30.9 | -7.0 | 2.2 | 22.7 | .12 | 1.0 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 5.25 | 4.63 | 4.75 | -.25 | -5.00 | 9.75 | 4.50 | -1.49 | .07 | -1.62 | -3.75 | .88 | -.28 | N | -35.4 | 32.0 | 3.7 | 9.3 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 24.25 | 23.25 | 23.75 | -.50 | -2.06 | 26.81 | 15.31 | .13 | -.07 | -1.73 | 27.87 | .89 | .07 | Q | 8.2 | 23.0 | 6.9 | 25.8 | .26 | 1.1 | 09-19-83 | 187.5 | 13.0 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 6.63 | 6.13 | 6.25 | .13 | 2.04 | 7.38 | 1.88 | -.33 | -.83 | .92 | -45.12 | .11 | 3.06 | S | NE | -85.0 | 3.1 | 31.3 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 7.25 | 6.00 | 6.13 | -.88 | -12.50 | 12.75 | 6.00 | -.89 | -2.48 | -2.73 | 16.96 | .55 | -.97 | N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.6 | 09-27-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 15.25 | 14.00 | 14.25 | .25 | 1.79 | 17.25 | 6.66 | -.14 | -1.26 | -.27 | -33.26 | .80 | .11 | S | 15.0 | 8.0 | 4.6 | 17.0 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 7.13 | 6.63 | 7.13 | .13 | 1.79 | 8.38 | 1.38 | -.62 | 2.54 | -2.70 | 32.26 | .00 | .00 | F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 10.38 | 9.63 | 9.63 | -.50 | -4.94 | 11.88 | 2.84 | -.59 | -.38 | -1.07 | 16.31 | .50 | .28 | F | 127.2 | 437.0 | 3.6 | 19.3 | .06 | .6 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 23.69 | 20.75 | 21.00 | -2.19 | -9.43 | 25.19 | 13.75 | -.37 | -2.37 | -4.86 | -3.28 | 1.39 | .05 | N | 3.5 | 15.0 | 4.9 | 14.5 | .40 | 1.9 | 10-18-83 | 382.0 | 18.7 | 1.0 | 6.14 | 8.75 | 1282 |
| Chi-Chis | CHIC | 29.00 | 23.75 | 25.13 | -2.75 | -9.87 | 29.00 | 10.50 | .23 | .11 | 1.84 | 6.07 | .39 | .23 | Q | 104.5 | 454.0 | 9.4 | 55.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 20.88 | 19.25 | 19.50 | -1.25 | -6.02 | 24.38 | 12.50 | .01 | -.05 | -1.04 | 22.85 | .64 | .23 | F | 56.0 | -3.0 | 2.9 | 30.5 | .50 | 2.6 | 07-15-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 27.38 | 24.75 | 26.88 | 1.75 | 6.97 | 33.50 | 21.84 | .50 | 1.91 | -6.31 | -25.52 | 2.19 | -.27 | N | -11.8 | 11.0 | 10.1 | 13.4 | .72 | 2.7 | 10-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.63 | 3.00 | 3.00 | -.63 | -17.24 | 4.00 | 3.00 | -.85 | -.91 | -4.00 | 14.80 | .13 | .46 | S | NE | 87.0 | 2.1 | 10.3 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 18.75 | 17.50 | 17.63 | -.50 | -2.76 | 19.84 | 11.44 | -.07 | -.56 | -.89 | 22.06 | 1.47 | .32 | Q | 26.0 | 29.0 | 3.8 | 11.4 | .20 | 1.1 | 09-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 18.25 | 16.00 | 16.63 | -1.38 | -7.64 | 18.75 | 8.38 | -.28 | -1.47 | .19 | 22.78 | .26 | .33 | Q | NE | 133.0 | 2.5 | 53.6 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 25.50 | 24.25 | 25.00 | .25 | 1.01 | 27.34 | 9.50 | .52 | .00 | 3.70 | -25.25 | .86 | .17 | F | 24.6 | 29.0 | 4.4 | 29.1 | .14 | .6 | 08-30-83 | 45.7 | 2.0 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 36.25 | 34.75 | 35.00 | -.25 | -.71 | 36.88 | 27.13 | .66 | -.03 | -1.91 | -25.89 | 2.54 | .14 | F | 5.8 | 11.0 | 3.8 | 13.8 | .72 | 2.1 | 09-02-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Dunkin Donuts | DUNK | 24.88 | 24.63 | 24.75 | -.13 | -.50 | 28.75 | 14.84 | .09 | .70 | .94 | 2.62 | 1.40 | .22 | N | 16.2 | 25.0 | 9.4 | 15.8 | .28 | 1.1 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 30.50 | 27.63 | 30.13 | 2.63 | 9.55 | 30.50 | 10.34 | .81 | .69 | 3.14 | -34.68 | 1.92 | .48 | Q | 28.0 | 24.0 | 3.7 | 13.8 | .40 | 1.3 | 09-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfathers Pizza | GFPZ | 19.25 | 16.50 | 17.13 | -1.88 | -9.87 | 25.50 | 13.75 | -.41 | -2.70 | -2.61 | 55.00 | .65 | -.01 | S | -1.5 | 115.0 | 15.8 | 26.8 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hamburg Hamlet | HAMB | 10.50 | 10.25 | 10.25 | -.25 | -2.38 | 12.00 | 5.75 | -.44 | -.12 | -8.27 | 50.00 | -1.10 | -2.45 | F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 54.75 | 50.50 | 54.00 | 2.25 | 4.35 | 60.25 | 40.13 | -.28 | .88 | 3.70 | -13.85 | 3.04 | .37 | N | 10.5 | 12.0 | 14.4 | 13.9 | 1.80 | 3.3 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 55.13 | 51.13 | 51.25 | -3.38 | -6.18 | 59.00 | 31.00 | -.13 | -.05 | -1.44 | 7.83 | 2.50 | .16 | S | 5.8 | 13.0 | 6.8 | 17.7 | .84 | 1.6 | 09-12-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 28.88 | 25.25 | 25.25 | -3.75 | -12.93 | 32.34 | 12.75 | -.19 | -2.35 | -3.46 | -7.46 | .74 | .37 | S | 62.7 | 952.0 | 2.8 | 26.3 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9,38 | 9.00 | 9.00 | -.75 | -7.69 | 12.25 | 6.34 | -.42 | .90 | -2.86 | 12.94 | .00 | -.78 | F | -100.0 | -9.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.81 | 1.81 | -.13 | -6.45 | 2.06 | 1.56 | .31 | .35 | 4.10 | 13.55 | .47 | -.10 | S | -17.2 | 6.0 | 2.6 | 3.8 | .11 | 6.1 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 36.00 | 36.00 | 36.00 | .00 | .00 | 40.00 | 19.50 | .21 | .59 | -7.92 | .00 | 2.17 | .81 | N | 39.3 | 64.0 | 6.3 | 12.5 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 23.00 | 19.50 | 20.50 | -2.00 | -8.89 | 23.00 | 3.16 | .06 | .23 | 1.92 | -10.16 | .92 | .86 | Q | 296.5 | 369.0 | 4.8 | 17.8 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JBs Rest | JBBB | 14.88 | 13.25 | 13.75 | -.75 | -5.17 | 18.13 | 8.13 | -.72 | -.91 | -2.49 | 29.35 | .93 | .21 | N | 25.3 | 12.0 | 3.5 | 13.2 | .20 | 1.5 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.75 | 19.00 | 19.75 | .25 | 1.28 | 23.50 | 16.75 | -.16 | .52 | .02 | -16.44 | 1.33 | -.07 | F | -5.0 | 27.0 | 4.6 | 14.8 | .12 | .6 | 08-18-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 6.25 | 5.13 | 6.13 | .88 | 16.67 | 10.75 | 3.25 | -1.42 | 2.02 | 3.14 | -41.46 | -.37 | -.54 | N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Keily-Johnston | KEJO | 17.50 | 13.88 | 13.88 | -3.38 | -19.57 | 18.75 | 9.59 | -.51 | -1.28 | 5.84 | -1.88 | .40 | .09 | Q | 27.2 | 57.0 | 6.3 | 33.0 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 43.75 | 34.25 | 35.00 | -6.00 | -14.63 | 43.75 | 13.69 | .82 | -3.40 | 2.87 | -17.81 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 22.9 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Lubys Cafe | LUB | 34.25 | 33.38 | 34.25 | .75 | 2.24 | 35.00 | 23.50 | .09 | .84 | .49 | 14.77 | 1.35 | .18 | N | 13.8 | 30.0 | 9.1 | 23.1 | .60 | 1.8 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0682 |
| Marcus Corp | MRCS | 14.88 | 14.13 | 14.13 | .25 | 1.80 | 15.13 | 7.25 | .26 | -.59 | -3.98 | -18.66 | 1.28 | .24 | Q | 21.0 | 7.0 | 6.1 | 10.2 | .25 | 1.8 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 73.75 | 68.75 | 69.00 | -4.63 | -6.28 | 81.00 | 49.63 | -.34 | -.49 | -.35 | 25.59 | 3.44 | .58 | N | 17.3 | 36.0 | 3.7 | 17.6 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 67.63 | 65.50 | 67.13 | -.13 | -.19 | 74.50 | 53.63 | .22 | .86 | -1.89 | .56 | 5.00 | .63 | S | 13.4 | 23.0 | 11.1 | 12.7 | 1.00 | 1.5 | 07-15-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 20.75 | 19.75 | 20.75 | 1.00 | 5.06 | 21.06 | 13.69 | .16 | .78 | -.25 | -29.10 | 1.34 | .21 | Q | 17.9 | 14.0 | 4.5 | 15.0 | .40 | 1.9 | 10-07-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 9.50 | 8.63 | 8.75 | -.75 | -7.89 | 10.50 | 2.13 | -.35 | -1.05 | -3.87 | 28.44 | -.98 | -.17 | N | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 3.63 | 3.13 | 3.13 | .00 | .00 | 3.63 | 1.00 | .84 | -3.14 | -.46 | -23.85 | .09 | .06 | F | 200.0 | 34.0 | 1.1 | 34.7 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 18.00 | 15.00 | 16.00 | -2.25 | -12.33 | 32.75 | 14.50 | -1.01 | -.04 | -1.23 | -5.83 | .70 | .11 | F | 18.6 | 162.0 | 3.6 | 22.9 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | -.50 | -3.03 | 18.50 | 14.00 | -.01 | .59 | .62 | .00 | .69 | -.81 | N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.38 | 5.50 | 7.00 | 1.38 | 24.44 | 7.88 | 4.38 | .71 | 1.77 | 10.01 | -27.78 | -.25 | -.41 | N | -273.3 | 17.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 11.25 | 8.75 | 8.75 | -2.50 | -22.22 | 15.13 | 5.75 | -1.05 | -1.56 | .87 | -48.45 | .28 | .09 | F | 47.3 | 771.0 | 7.0 | 31.3 | .00 | .0 | 00-00-00 | 27.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 15.38 | 14.50 | 14.75 | .13 | .85 | 18.13 | 12.75 | .43 | -.40 | -1.84 | -14.42 | .99 | -.49 | Q | -35.5 | 3.0 | 3.9 | 16.6 | .60 | 4.1 | 09-09-83 | 152.7 | 6.0 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 15.13 | 12.25 | 14.63 | 2.00 | 15.84 | 17.50 | 5.22 | .19 | .46 | 3.58 | 9.22 | .55 | .44 | S | 97.7 | 5.0 | 1.3 | 16.4 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 10.25 | 7.00 | 8.50 | -1.50 | -15.00 | 26.00 | 7.00 | -2.25 | .44 | 6.45 | -3.77 | 1.27 | -1.68 | N | -150.0 | 242.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 23.00 | 18.00 | 18.25 | -2.75 | -13.10 | 25.25 | 15.00 | .21 | -3.89 | -.83 | 38.04 | 1.50 | .13 | S | 9.1 | -3.0 | 2.8 | 11.8 | .33 | 1.8 | 09-21-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.88 | 9.63 | 9.88 | -.63 | -5.95 | 11.88 | 4.88 | .17 | -.87 | -.77 | -8.43 | -.73 | -.45 | S | NE | -38.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 8.50 | 7.50 | 7.75 | -.25 | -3.13 | 11.38 | 4.38 | -.56 | -.12 | 1.25 | .00 | .77 | .06 | S | 9.2 | 40.0 | 1.8 | 10.9 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 26.50 | 22.50 | 22.50 | -3.25 | -12.62 | 28.25 | 4.75 | -.23 | -2.76 | .01 | -48.55 | .33 | .13 | N | 40.6 | 97.0 | 10.6 | 50.0 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 35.75 | 29.50 | 31.00 | -4.75 | -13.29 | 40.25 | 17.31 | -.20 | -.56 | 1.46 | 16.03 | 2.10 | .49 | Q | 28.9 | 73.0 | 2.3 | 14.2 | .36 | 1.2 | 08-15-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 13.50 | 11.00 | 11.25 | -2.25 | -16.67 | 15.50 | 11.00 | -.58 | -3.21 | 4.73 | -40.16 | .70 | -.17 | Q | -21.5 | 19.0 | 4.5 | 18.1 | .00 | .0 | 00-00-00 | 20.2 | .9 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 11.50 | 10.88 | 11.00 | -.25 | -2.22 | 15.00 | 5.50 | .03 | -.06 | -1.58 | -18.73 | .02 | -.93 | S | -152.4 | -15.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 15.00 | 14.50 | 14.50 | -.75 | -4.92 | 17.94 | 8.88 | -.34 | -.23 | -3.41 | 1.89 | .67 | -.40 | S | -41.6 | 27.0 | 1.5 | 25.9 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 5.31 | 5.64 | 1282 |
| Shoneys Inc | SHON | 23.00 | 21.00 | 23.00 | 1.75 | 8.24 | 27.38 | 17.44 | -.18 | 1.58 | 3.64 | -6.99 | .86 | .26 | N | 35.6 | 26.0 | 5.1 | 23.2 | .15 | .7 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 13.00 | 12.00 | 12.25 | -.25 | -2.00 | 16.25 | 8.50 | .09 | 1.00 | 5.00 | -8.14 | 1.01 | 1.09 | Q | NC | 18.0 | 4.5 | 11.2 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 11.25 | 9.50 | 9.75 | -1.50 | -13.33 | 15.50 | 4.16 | -.94 | -.88 | .25 | -5.15 | .48 | .45 | N | 121.6 | 18.0 | 2.6 | 11.9 | .08 | .8 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 22.00 | 22.00 | 22.00 | .00 | .00 | 22.00 | 18.00 | .25 | .58 | -4.02 | .00 | .37 | -.18 | S | -20.9 | -1.0 | .9 | 32.4 | .26 | 1.2 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 5.25 | 4.88 | 4.88 | -.25 | -4.88 | 7.50 | 2.00 | .15 | .06 | -1.63 | 5.02 | .27 | .09 | Q | 42.8 | 102.0 | 3.8 | 16.3 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 7.00 | 6.75 | 6.88 | -.13 | -1.79 | 9.25 | 2.63 | -.79 | .59 | -.30 | 11.11 | .18 | .15 | N | 166.6 | -12.0 | 1.4 | 28.6 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 8.25 | 7.50 | 7.75 | -.50 | -6.06 | 13.63 | 5.00 | -.47 | .04 | -7.27 | -33.63 | -2.39 | -2.25 | S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 18.00 | 16.50 | 17.63 | .88 | 5.22 | 19.63 | 13.00 | .48 | 1.10 | .49 | 18.07 | 1.13 | .15 | S | 14.2 | 22.0 | 7.3 | 14.7 | .24 | 1.4 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 19.88 | 18.00 | 18.25 | -1.50 | -7.59 | 25.00 | 7.75 | -.03 | -.37 | -3.48 | -9.93 | .16 | .38 | S | NE | -23.0 | .5 | 608.3 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.00 | 13.00 | 13.00 | .00 | .00 | 17.50 | 8.25 | -.13 | .58 | -4.27 | 22.84 | .92 | -.13 | S | -11.8 | 6.0 | 3.1 | 13.4 | .16 | 1.2 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 13.50 | 12.63 | 13.00 | .38 | 2.97 | 17.13 | 10.03 | -.29 | -.19 | -3.76 | -30.56 | .63 | .01 | S | 1.6 | 11.0 | 2.6 | 21.3 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Carrols Corp. | 3 mos. | 8/31 | $ 32.5 | 46.0 | | | $ 1.800 | 30.0 |
| I.D.Q. | 3 mos. | 8/26 | | | $ 37.7 | 16.0 | 3.390 | 13.0 |
| | 9 mos. | | | | 93.2 | 17.0 | 6.200 | 17.0 |
| Luby's Cafeterias | 3 mos. | 8/31 | | | 39.4 | 12.0 | 3.900 | 17.0 |
| | 12 mos. | | 144.1 | 12.0 | | | 13.900 | 20.0 |
| Morrison Inc. | 3 mos. | 8/27 | | | 113.2 | 10.0 | 4.60 | 16.0 |
| Southern Hosp. | 3 mos. | 8/31 | | | 8.0 | 46.0 | 0.274 | 43.0 |
| Victoria Station | 3 mos. | 9/18 | 23.1 | (6.0) | | | (1.060) | — |
| | 6 mos. | | 47.7 | (9.0) | | | (1.700) | — |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Carrols net increases; moves listing to NYSE

SYRACUSE—Carrols Corp., a 102-unit Burger King franchisee, posted a 30% net profit gain to $1.8 million for the first quarter ended Aug. 31 compared to last year's first quarter. Sales rose 46% to $32.5 million.

In addition the company has moved its stock listing from the American Stock Exchange to the New York Stock Exchange, a milestone in the life of any company.

Carrols' financial advances were attributed to its Burger King operations where sales advanced 20% year to year while customer counts rose 16%.

"The introduction of salad bars, successful promotions and lower commodity costs all attributed to real gains," said chairman Herbert Slotnick.

Results were also affected by the inclusion of Jo Ann's Nut House, a recently acquired retailer, and the fact that this quarter was one week longer than last year's 13 weeks.

Carrols Corp., which until recently had been known as Carrols Development Corp., had been listed on the American Exchange since 1977. The company went public over the counter in 1969.

It has about 6.2 million shares outstanding priced at about $10 to $11 each. Carrols' ticker symbol is CRL.

# Public offering kicks off Friday's spin-off

*(Continued from page 1)*

respectively. For the first nine months of this year, net income was $7.9 million, up from $6.8 million; revenues rose to $153 million from $121 million.

Even so, Friday's seems to have lost some of its sales momentum.

According to company records, the most recent nine-month total sales increase resulted mostly from the opening of 14 new restaurants between September 1982 and August of this year. Sales for the 44 Friday's open at January 1982 actually declined slightly over that period, from $106.7 million to $106.0 million, despite price hikes for food and beverage items.

At the same time, Friday's beverage sales continued their decline as a percentage of total sales.

In 1978 beverage sales accounted for 41% of a typical unit's total gross; by 1981 they were 38%, and dropped to 37% last year.

If the company's reports are any yardstick, Friday's doesn't mind the decline all that much, however. While acknowledging that "a substantial number of customers visit Friday's primarily for its alcoholic beverages and atmosphere," management "believes that although such beverage service contributes to the overall success of a restaurant, attention to the quality of food and service increases repeat customer business and lessens volume fluctuations associated with trends in bar popularity."

This philosophy would seem to be in line with some industry leaders' view that the casual theme segment will have to start de-emphasizing liquor sales, even if such a move were to affect, at least initially, a restaurant's overall profitability.

They are reasoning that the generation that initially fueled the popularity of such drink-and-atmosphere concepts is maturing, and increasingly looking for a *dining* experience as well. For another thing, they foresee growing pressure on restaurateurs to monitor their customers' drink consumption because of increased publicity concerning alcohol-related accidents.

Friday's' claim that it's paying careful attention to "quality of food and service" also reflects the view of casual themers espoused at this year's MUFSO conference by Kenneth D. Hill, president of Houlihan's parent, Gilbert/Robinson. According to Hill, "chain-operated, table-service restaurant companies have not proven that they have the staying power of many individual restaurateurs. The public has become fickle, and what is in today I predict will be out tomorrow."

Friday's is one of the few restaurant chains to eschew commercial advertising.

According to a company statement, Friday's believes that "although advertising may bring customers to a restaurant for a brief period of time, long-term customer loyalty is best achieved through the maintenance of restaurant quality consistent with the company's standards."

But Friday's is not above employing gimmicks to attain this customer loyalty. Special T-shirts and other clothing bearing Friday's or Dalts logos are often offered for sale to customers; on other occasions, restaurants feature special music, costumes and other in-house promotions—all merchandising efforts seen at other casual theme concepts as well.

Friday's operating standards are said to be tightly controlled at all levels. They are the responsibility of a senior vice president of operations and regional vp's—one each for the East, Southeast, Midwest and West. In addition, regional managers supervise a maximum of six restaurants each.

Friday's restaurants—which seat an average of 232 persons in their dining areas and another 40 at the bar—employ a general manager, two or more assistant managers and a kitchen manager. Regardless of prior experience, all managers must spend between 11 and 14 weeks in formal instruction and on-the-job training; each trainee's program, however, is individually tailored based on his or her past experience.

Although the Carlson subsidiary appears to be moving toward further expansion of its Dalts concept—the Fast Friday's are still being evaluated—much of the company's future growth is likely to come from its Friday's restaurants.

Franchisees may open another nine Friday's because of existing franchise agreements; the company itself expects to open another 20 to 25 next year.

Many of these markets, the company believes, will also be able to support both a Friday's and Dalts in close proximity. First opened in 1980, Dalts are patterned after a 1940's-style neighborhood bar and grill, and are smaller than Friday's restaurants, with an average seating capacity of 167 and an additional 37 at the bar.

In fiscal 1982 the typical Dalts grossed $2.1 million, up from $1.5 million the year before; for the first nine months of this year, sales were $1.4 million; average checks per dining patrons were $6 to $7. (By contrast, the average dining patron check at a Friday's was $8 to $9 in 1982.)

Friday's says the capital for developing new restaurants will come from internally generated funds, landlord contributions—most restaurants are constructed according to build-to-suit operating leases—other sources and proceeds from the public offering.

Friday's projects it will get up to $20 a share in the offering, for a total of up to $90 million. Of the net proceeds, $42 million will be used to repay bank debts incurred to pay a dividend to Carlson, a privately held conglomerate that also owns the Country Kitchen restaurant chain; other funds will be used to repurchase common stock from Carlson, and $33 million will be retained by Friday's.

But despite the public offering, Carlson will retain full control of Friday's, thus precluding any takeover attempts. Carlson will control 60% of the company's outstanding shares, have 90% of the total number of votes to elect the board of directors and control 75% of the vote on all other matters.

# KFC's Mayer calls for return to limited menus

LOS ANGELES—After a decade or so of rolling out numerous new menu items, fast-food chains need to return to their original limited menu philosophies, according to Richard Mayer, chairman and chief executive of Kentucky Fried Chicken.

Diversified menus only serve to blur a chain's image, increase labor and training costs, slow customer service, boost inventory expense, and lower product cost eficiency, Mayer told a MUFSO breakfast audience here last month.

Mayer invoked the memory of the late Col. Harland Sanders, KFC's founder, who "hated new products and fought against menu expansion as long as he lived."

Other giants of the fast-food industry, according to Mayer, "have had a lifelong and unshakable belief in the limited menu and the simplicity of operations as the keys to success in the business."

"Ray Kroc preached menu simplicity as long as he was active in McDonald's management," Mayer said. "As did Bill Church, both while he was chairman of Church's, and since. Dave Thomas, many say, was such a strong believer in a limited menu that he stepped aside at Wendy's rather than be an active participant in that

**Richard Mayer**

chain's menu expansion program."

Mayer also expressed the belief that consumers "make a common sense connection" between menu simplicity and quality of both products and service."

There are signs in the fast-food industry that menu diversification does not work and some chains are already going back to basics, including a return to their original product line, according to Mayer.

KFC, which diversified into barbecued ribs in the mid-1970's, with near disastrous results, now emphasizes its chicken-only menu with a few side dishes and soft drinks.

Burger King, Mayer pointed out, after diversifying into specialty sandwiches, has put the emphasis back on hamburgers with its "battle of the burgers" advertising campaign.

"It's their awareness of a need to get back to basics, to the product that made them what they are," Mayer said.

He also noted that Pizza Hut, "after much talk a year or so ago about Italian dinner entrees and even a breakfast test, has now returned to a sharp focus on pizza, a quicker service 'personal' pan pizza.

In years to come, Mayer predicted, the industry will be headed in this "around-the-circle, back-to-basics quest for quality direction."

At KFC, Mayer said, the limited menu philosophy is supported by an overall back-to-basics strategy that emphasizes quality at all levels of the operation.

The strategy has "worked so well, in fact, that our performance over the last five years has been the best in KFC's history and among the best in our industry," he said.

Fast-food chains that are publicly owned are under tremendous pressure from Wall Street analysts to post quarterly earnings increases, Mayer noted.

"In an effort to continue an unreasonable rate of earnings increases, [some chains have been] lured by the siren song of menu diversification into a complexity of operations which is simply incompatible with what quick-service restaurants are all about," Mayer said.

Analysts' recommendations can affect a company's stock prices, he noted, "so you can understand why corporate executives pay close attention to the feelings, attitudes and suggestions of security analysts."

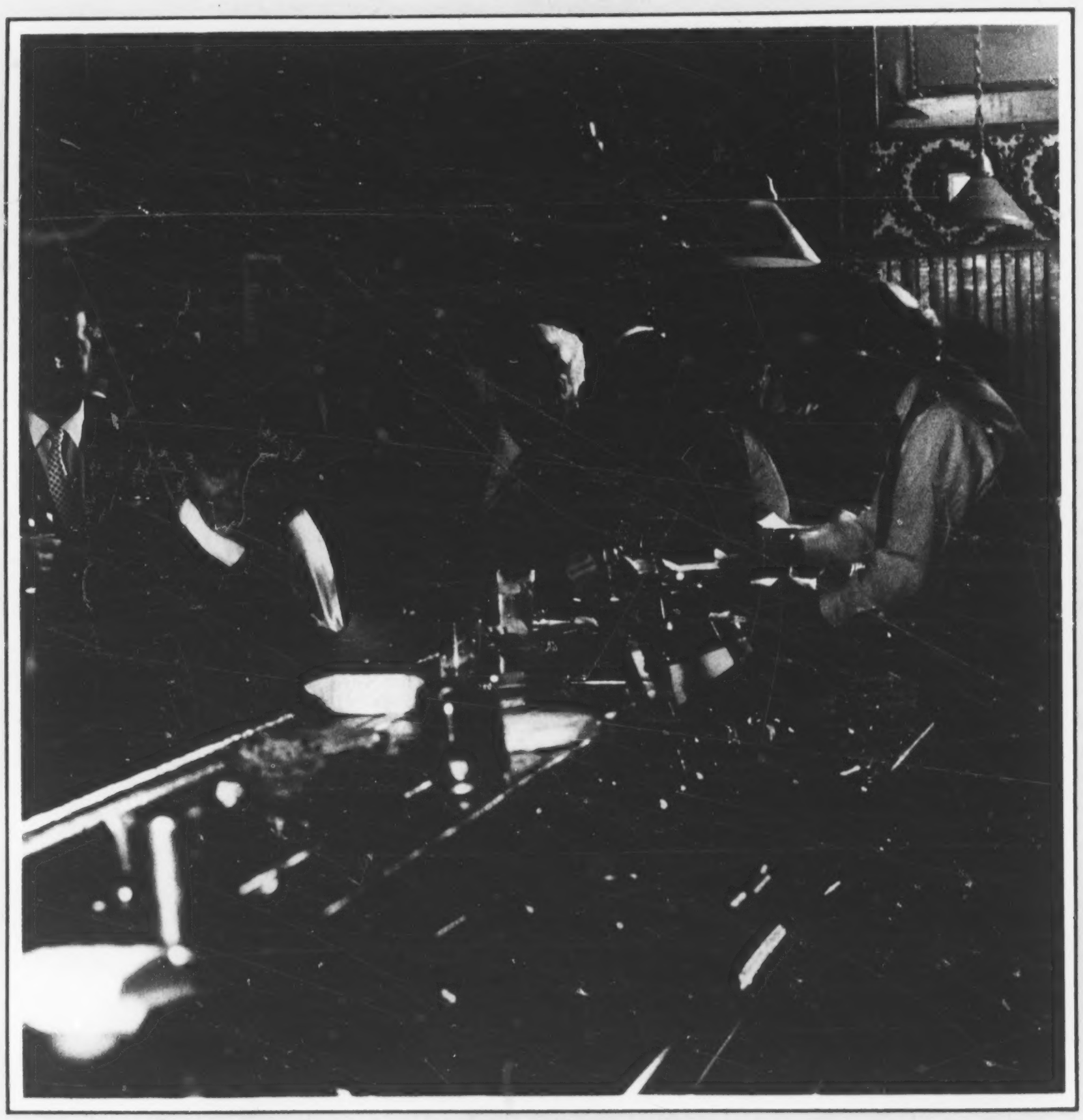
Menu diversification in the past has been seen as a way of boosting flat sales and earnings, resulting in "burger places selling veal parmigiana, pizza places selling pasta dinners, fish places selling salad bars, and so on and on," Mayer said.

In most cases, he added, chains enjoy a brief period of customer count increases followed by the appearance of new problems.

KFC's unhappy experience with a ribs rollout in the mid-1970's was a case in point, Mayer recalled. "We got the sales stimulant we expected, but along with the sales came greater investment, greater operating complexity and cost, slower service, and less attention to chicken quality."

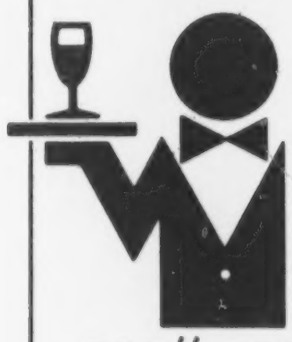
When the "ribs sales bubble burst, all we had left were problems," Mayer said.

# GOING AFTER BUSINESS: MARKETING YOUR BAR OPERATIONS



*Stiffer competition and changing consumer preferences are forcing today's restaurant and bar operators to market their beverage services more aggressively. In restaurants across the country, the trends are clear: fewer customers order hard liquor neat or mixed. Wine and beer continue to be strong sellers. And the popularity of specialty drinks—fancy, often colorful concoctions that reflect the increasingly adventurous palates of today's drinkers—are on the upswing.*

**(Continued on page 7)**



Customers at southern California's Red Onions bob to the sound and sights of pulsating music and video images while quenching their thirst with "shooters", "poppers" and "buckets of booze" pushed by tray-carrying waiters and waitresses.

In Reading, Pa., Custom Management Corp.'s Shananigans entices its patrons with pina coladas, frozen margueritas and daiquiris at a low $1.50 each, and packs the place with a nonstop series of promotions that range from the mundane—wine tastings—to the naughty—pajama parties.

The Cattleman Palace in New York City promises "Texas-sized" drinks, and has lounge guests greeted by a buxom, seductively attired lady.

Hard sells? Sure. But also part of winning marketing strategies at restaurant and bar operations willing to push hard for those profitable liquor sales.

But profit potential is just part of the story. Increasingly, bar operations are being tailored to reflect emerging alcoholic beverage consumption patterns—patterns that are changing as a result of changing lifestyles and shifts in demographics.

In this issue of *Bar Management, Nation's Restaurant News* takes a look at some of these changing patterns, including the results of a new alcoholic beverage operations study, and highlights several operators who are spending money, effort and imagination to get the most out of their bar operations.

First, despite a recent softness in the beverage industry as a whole, there are some decided trends that bode well for bar business in the 80's:

- the majority of people are over 30;
- they're better educated than ever before;
- there are more working women, and
- there's more disposable income.

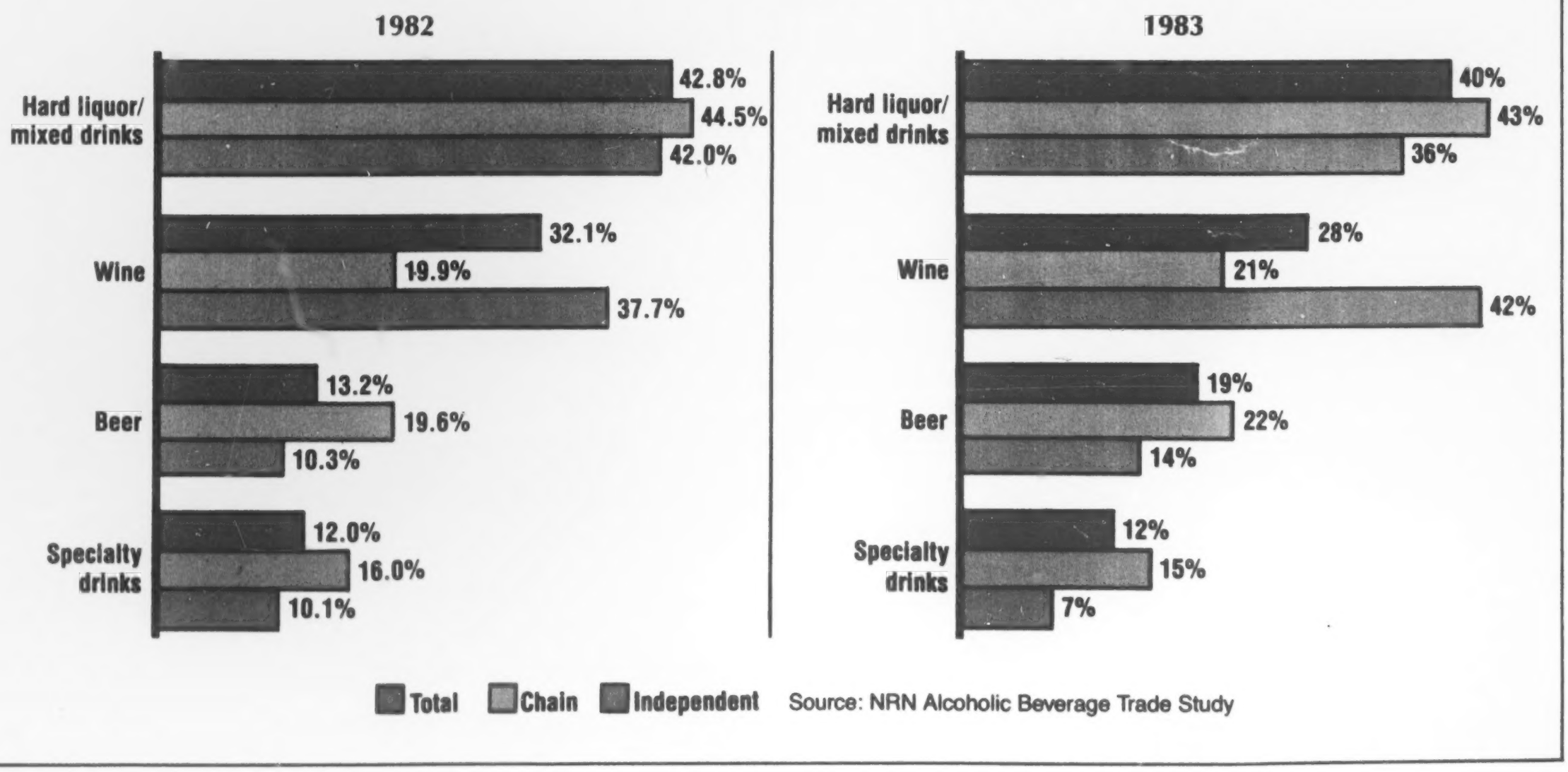
Aside from those characteristics, the typical bar customer, according to a study by Westin Hotels—a company that pays great attention to its beverage operation—will possess higher values and goals, be more health/nutrition conscious, and have better knowledge of products, due largely to the intensifying interest in quality food and drinks. And the typical customer will desire more full bodied or flavored spirits and look for sophisticated, upscale bar environments.

Knowing your customer better, Westin's corporate thinking goes, means being able to sell them better.

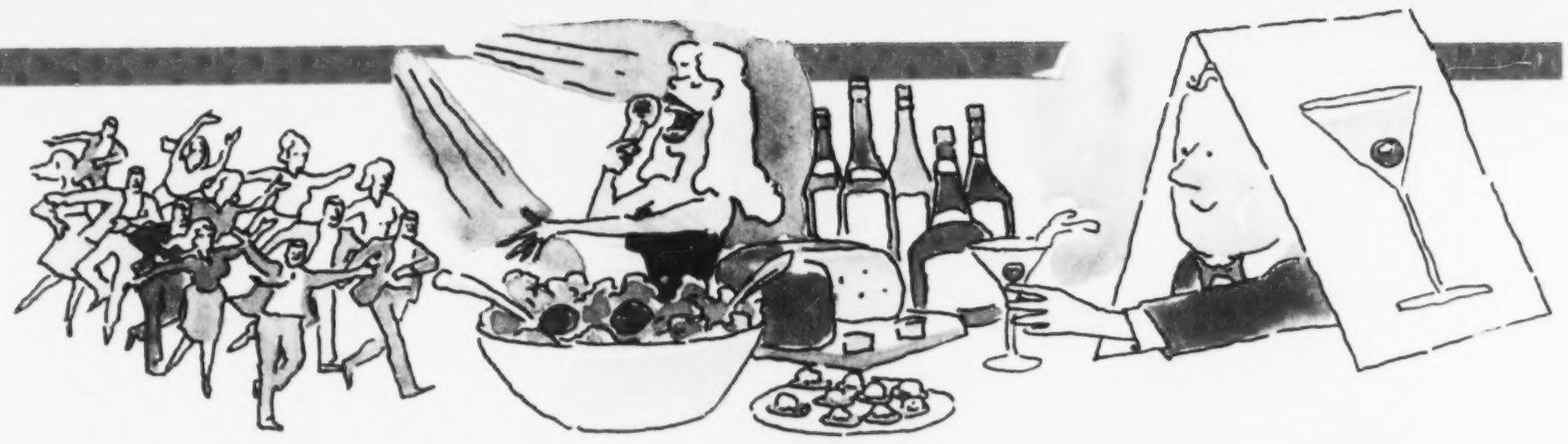
Now, some bad news: The trend away from hard liquor—the most profitable drink category in terms of pouring costs—continues. It's an outgrowth of a general desire for lighter-tasting, lower-alcohol beverages, a move toward moderation in drinking and a willingness to experiment with new drinks.

Nearly one-third of operators—chain and independent—surveyed in the *NRN* study said their hard liquor/mixed drink sales had decreased over the past two years; the average decrease was by nearly 10%. At the same time, 28% said sales had not

**Mean percentage share of alcoholic beverage sales in bars and restaurants**

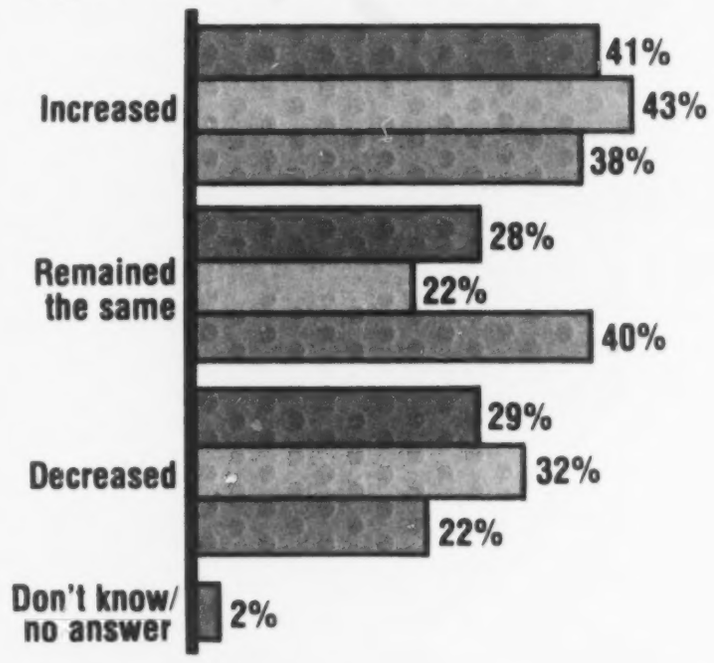



Source: NRN Alcoholic Beverage Trade Study

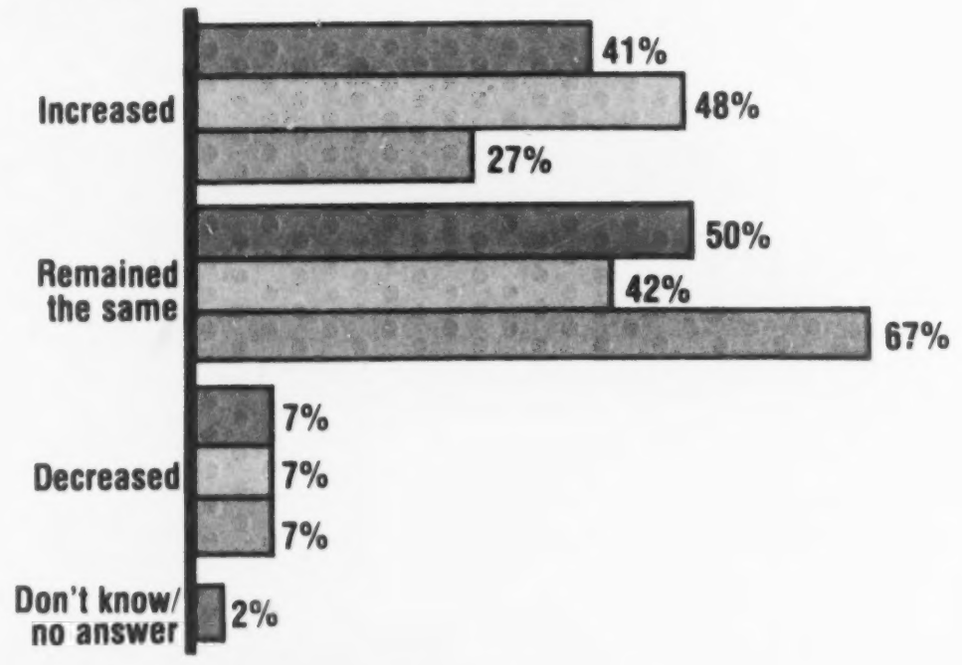


**Alcoholic beverage sales trends over the past two years**

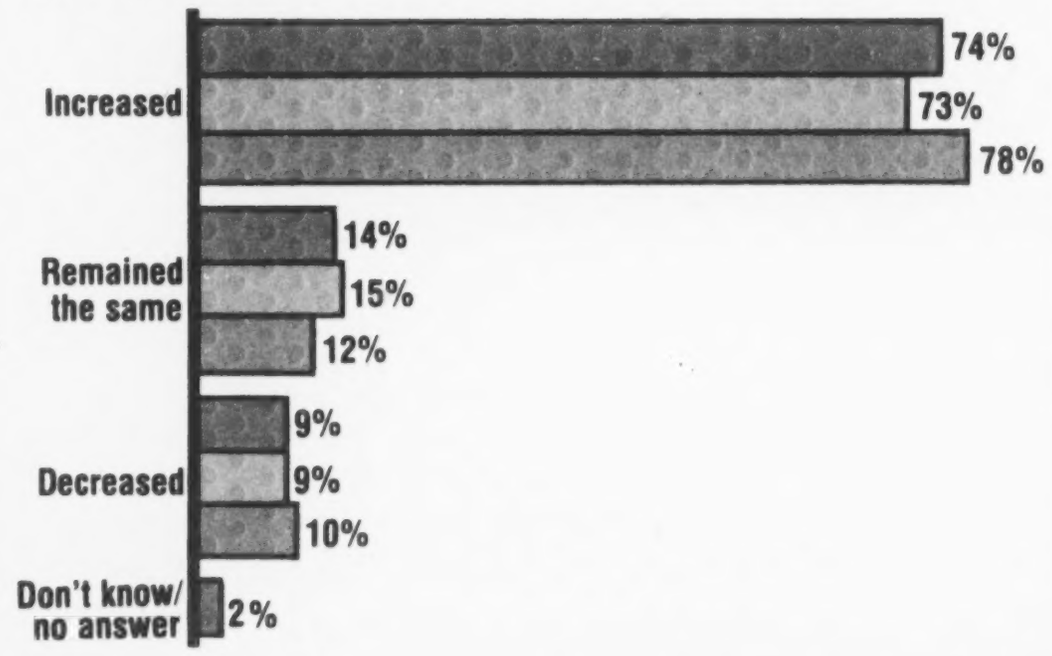
***Liquor/mixed drink sales have:***



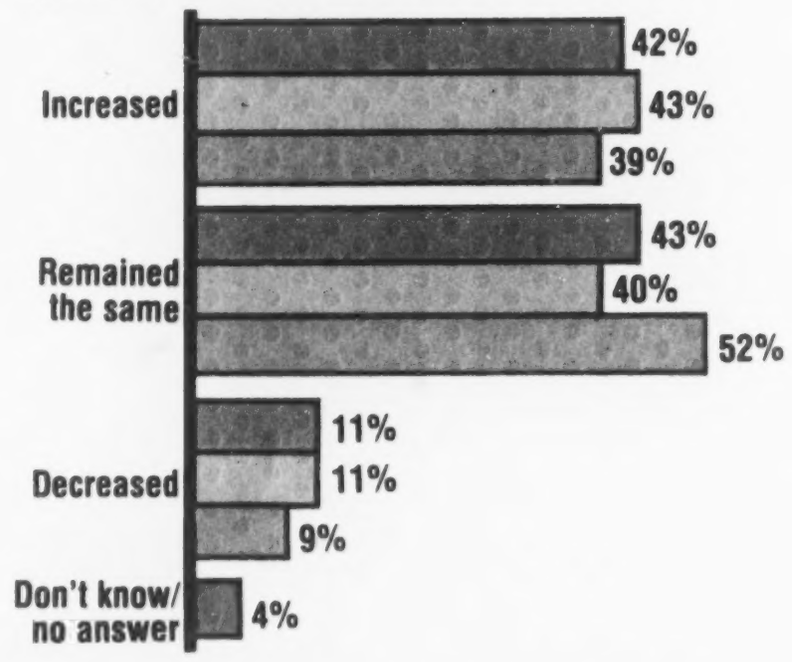

***Beer sales have:***




***Wine sales have:***




***Specialty drink sales have:***




Total Chain Independent Source: NRN Alcoholic Beverage Trade Study

changed. To be sure, 41% did experience an increase—by an average of nearly 13%—but no other drink category showed such a marked decline.

What this means is that restaurant and bar operators who don't want to give up on this profitable category will be forced to develop some imaginative strategies to market such drinks to the hilt—albeit in different forms and disguises.

It's no accident that some of the most successful restaurant/bar concepts today are the likes of Chi-Chi's and T.G.I. Friday's where the martinis, bourbons and Scotches of old are now the cleverly packaged margaritas, daiquiris or other, elaborate concoctions generally known as specialty drinks.

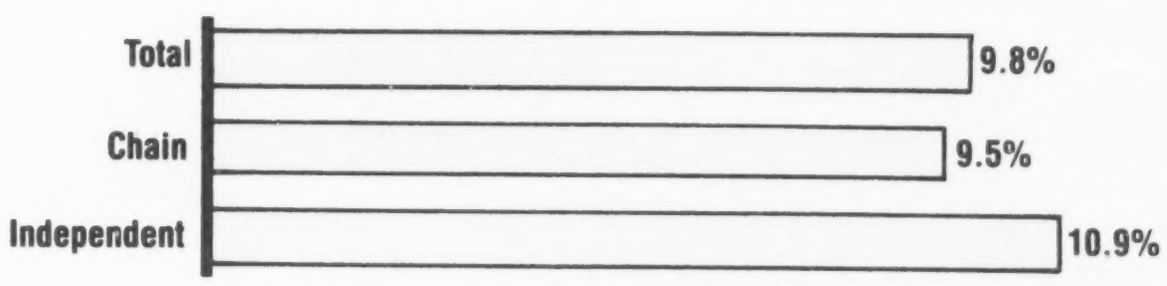
In fact, some operators surmise that many of those places who are losing their share of hard liquor/mixed drinks sales are just not repackaging or marketing that category properly. Influencing what a customer drinks, they hold, is a distinct possibility.

A case in point is the nine-unit Red Onion chain, where lots of hard liquor is sold simply because it's packaged, priced and pushed the right way. Says Ron Newman, president of the chain: "We have people on the floor all the time pushing 'shooters' or 'slammers' or 'poppers' or different drinks at special prices." What are "shooters" and "poppers" and "slammers"? Nothing more than a tequila, a Kamikaze—straight vodka with a squeeze of lime—and a tequila with lemon-lime soda. They sell, suggests Newman, because they're priced at $1.50, and because they seem less stodgy and more in tune with his customer profile than some other drinks are.

In fact, a full 75% of all operators—100 chains and 50 independents—surveyed agreed "strongly" or "somewhat" with the view that it's possible to influence consumer tastes through different promotions and merchandising techniques—this despite some current consumption trends that indicate the American consumer is less willing than before

**Average percentage decrease in hard liquor sales over past two years**

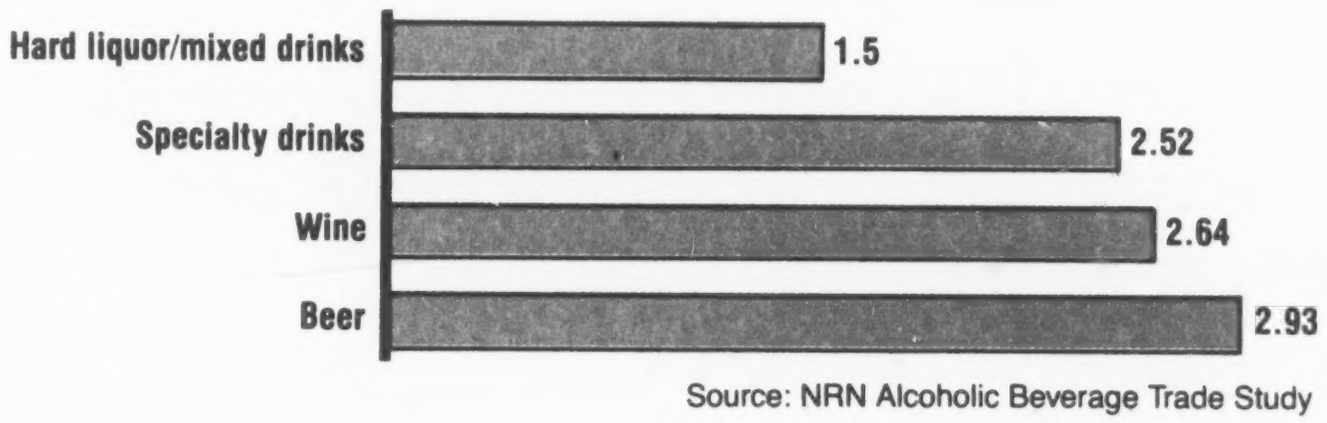
*[For operators reporting a decrease]*




Source: NRN Alcoholic Beverage Trade Study

**Mean ranking of profitability of selected alcoholic beverage categories**

*[On sale of 1 (highest profitabilty) to 4 (lowest)]*




Source: NRN Alcoholic Beverage Trade Study

to quaff hard stuff.

But though the whites have clearly continued gaining in momentum, old favorites can benefit from clever marketing as well. For example, one current whiskey on-premise promotion, developed by the distiller, features the drink as part of a "lemonade". This kind of salesmanship works because it doesn't focus on the main ingredient—whiskey—which might not appeal to certain groups of consumers.

Specialty drinks, in fact, continue to show great popularity throughout the country. A mere 10.6% of all operators surveyed said their specialty drink sales had declined over the past two years; by contrast, sales increased at 42% of all operations, and stayed the same at another 43%.

For those who enjoyed an increase, sales rose an average of nearly 20%.

Meanwhile, wine and beer sales too are showing up very well—thus helping to, at least partially, offset any declines in bars' overall profitability due to a drop in hard liquor sales.

On the average, wine sales increased by more than 15% over the past two years for the 75% of all operators surveyed who saw wine sales rise. A mere 14% said wine sales had remained steady, while a bit more than 9% are selling less wine than two years ago.

Beer sales increased at 41% of all operations surveyed, remained the same at 50% and declined at only 7%. The average increase was 13%. The study indicates that much of the increase resulted from greater sales of imported beers, suggesting that the premium beer market continues to be a good opportunity for restaurateurs. And the demand for premium beers is as high at independent restaurants as it is at chains, the study shows.

When it comes to wine, domestic products still command a lion's share—66%— of all wine sales at restaurants. At chain restaurants alone, domestic wine accounts for an even greater percentage of wine sales—nearly 73%. On the other hand, imported wine accounts for nearly half of all wine sales at independent restaurants, while chains get less than one-third of their total wines sales from imports. That's not surprising, since most chain concepts still carry only a small, predominantly domestic selection of wines usually bought in bulk for reasons of price and reliability of supply.

The study also found that slightly more than half of all wine sales at chains and independents combined result from wine sold by the glass.

Few would disagree that pricing can play a crucial role in the performance of ones bar operations. Indeed, some industry observers have argued that some places are pricing themselves out of their alcoholic beverage business by charging too much for their drinks—a notion that is, however, refuted by a solid majority of restaurateurs surveyed: a mere 21% agreed "strongly" or even "somewhat" with the view that patrons have decreased their liquor consumption in restaurants and bars because of pricing.

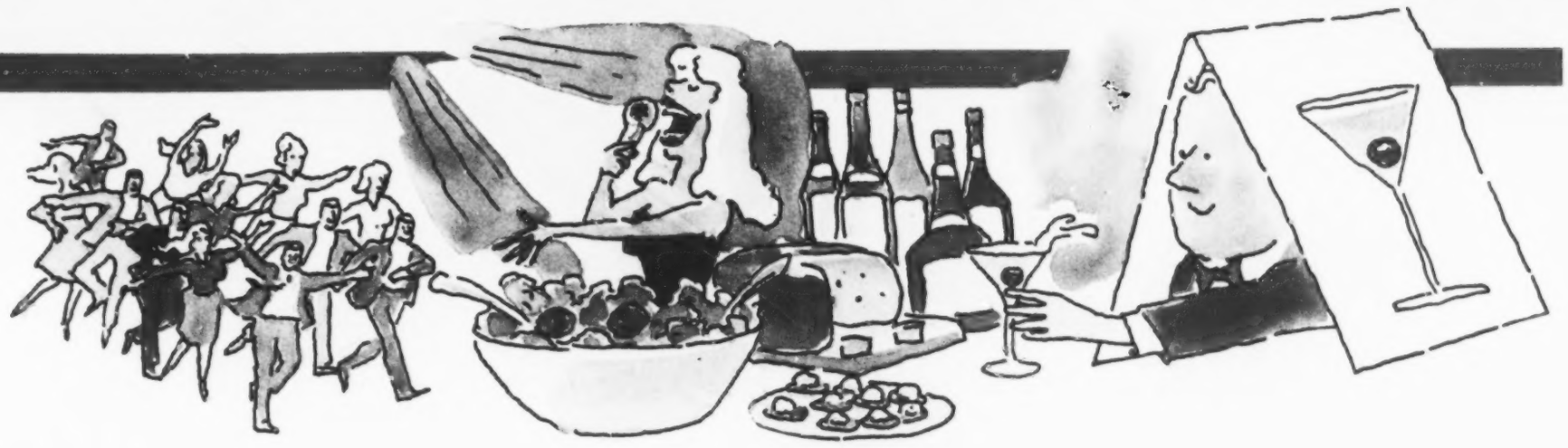
Still, the *NRN* survey shows that prices for all basic drink categories—hard liquor/mixed drinks, wine, beer and specialty drinks—are consistently higher at independent restaurants than at chains, which are often much more competitive than independents.

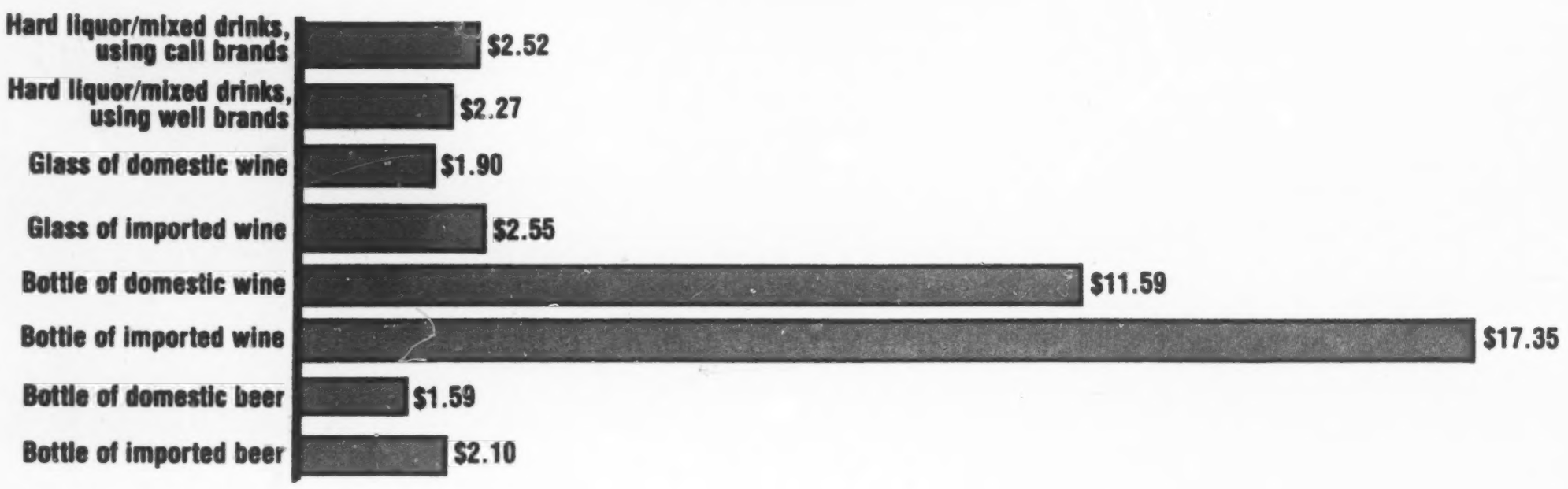
For example, a bottle of imported wine on the average costs $19.60 at an independent restaurant, but goes for $3.50 less at a typical chain.

Likewise, a bottle of domestic wine on the average goes for $3.50 more at independents than at chains; and a shot of nonpremium liquor sells for about 40¢ more at an independent restaurant.

However, when it comes to drink size and pouring methods, independents and chain operators seem to adhere to a similar philosophy: the majority pours a 1¼-oz. or 1½-oz. glass, and less than 3% let their bartenders freepour.

But when it comes to the all-important merchandising, independents once again fall far behind chain oper-






Source: NRN Alcoholic Beverage Trade Study

ators' efforts.

A full 56% of all independents surveyed admit to not promoting alcoholic beverages at all, compared to only 12% of chain operators. And the percentage of independents who promote liquor one way or another—through table tents, for example, or happy hours—is almost always less than the chains'.

Those who do promote, however, generally agree on which merchandising methods have proved the most effective. In the hard liquor/mixed drinks category, for example, table tents received top rating from independents and chain operators alike. Other liquor promos deemed most successful are suggestive selling, new drink ideas, price discounts, happy hours, theme nights, unique glassware and signage.

How effective are such promotions? According to the study, the average liquor sales increase comes to 18%; it's slightly lower for chain operators and a bit higher for independents.

But the survey also reveals that promotions can have a lingering effect on sales even after they end: the most frequently cited length of time during which a promotion's impact remained visible was between three and four weeks.

Moreover, only 26% of all operators surveyed have ever failed to get results from a promotion. A few operators explained that customers were predisposed to buying their favorite drinks before they enter the restaurant and are not interested in any specially promoted drink; others complained that table tents were not worth the printing cost, or that manufacturer-supplied table tents were too generic and failed to generate interest because they're found at too many other establishments. Yet another restaurateur admitted to having failed with a happy hour—which he had scheduled for a weekend when "people were away."

For every failure, though, there are a dozen success stories—if operators are attuned to current trends and react accordingly, experts say.

For example, Gadgets, an eight-unit chain that originally went strictly after the children and parents market with its game room and mechanical theater, is now stalking the singles market as well. Its main draw: Expanding bar operations. Yet the chain's operators are also tailoring their drink menu according to perceived consumer tastes—40% of drinks sold are specialty drinks—and merchandising them aggressively.

What's interesting is that the specialty drinks emphasized sweeteners and creams because, the thinking goes, while patrons might say they want "lighter" drinks, they don't mean they want less-filling drinks.

At Shananigans in Reading, Pa., bar sales are running close to $800,000 on an annualized $1.3 million total sales—thanks, in part, to imaginative promotions that are advertised in advance on a printed monthly calendar of events.

To be sure, what works in one place may not work in another. A liquor promotion geared toward the singles crowd in a so-called casual theme chain concept might be wholly inappropriate for an upscale, independent restaurant where the emphasis is on food. And yet, there's no reason why an operator, no matter the concept, should not be able to employ some type of alcoholic beverage marketing strategy—if only to stay competitive in an industry known for its fickle customers.

As the Red Onion's Newman says in an interview in this issue: "We were always looking and trying to be innovative. When we would see something new, we would always take a chance and do it. Sometimes it was successful, and sometimes we paid the price, but we grew and learned from it."

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FAST FOOD GROWS UP

***Chains stalking 'adult' market—Pages 49-63***

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Nation's
# Restaurant News
*The Newspaper of the Food Service Industry*

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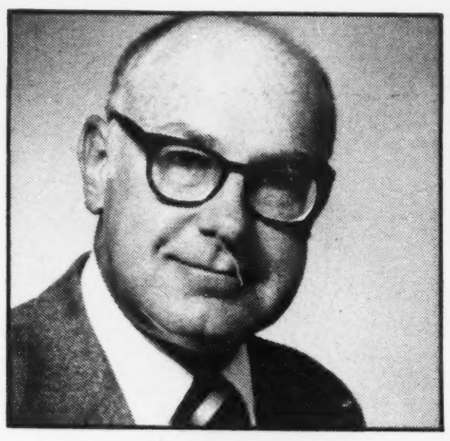


**John Woodhouse**
*Sysco*

**Roger Coleman**
*S. E. Rykoff*

# Big 4 distributors capture increasing share of market

## *Acquisitions will bolster stronghold*

**By Charles Bernstein**

NEW YORK—With Houston-based Sysco's pending purchase of Chicago-based distributor power B. A. Railton and Nebraska-based Pegler, and with Los Angeles-based S. E. Rykoff set to acquire $425 million volume Chicago-based John Sexton, the big are getting much bigger in food-service distribution.

These latest deals enhance Syseo's position as the No. 1 volume over $2 billion food-service distributor and move Rykoff into the No. 4 spot (which had been held by Sexton), with an $800 million total.

Meanwhile, second-ranking full-line distributor, Greenville, S.C.-based PYA Monarch, has raised its volume to over $1.1 billion with the recent acquisition of Fleming Foodservice in Austin. Chicago-based CFS Continental, which acquired Publix Fruit & Produce in Seattle a few months ago, is now in the $1.1 billion range.

As the Big 4 distributors gain in market share, they are putting pressure on the major distributor groups which provide buying and marketing services for independent distributors—particularly Chicago-based North American Foodservice and Pittsburgh-based CODE, two that deal more with distributors that handle large national chains. North American stands to lose both Railton and Pegler to the Sysco umbrella.

But Daniel Gescheidle, North American president, emphasized that North American, which has 36 distributor members with over $3 billion in total volume, will rebound "stronger than ever with new additions of major distributors just as usually happens in these cases."

He noted the Big 4 distributor companies' $5 billion total volume is "only 8%" of the total $65 billion estimated food-service distribution volume and "a lot of the smaller distributors are more vibrant than ever with expanding lines."

The way CODE executive vice president Jim Irwin sees it, "the current evolution to four large public distributor companies and a number of profes-

*(Continued on page 112)*

**Alvin Cohn**
*CFS Continental*

**James Fidler**
*PYA Monarch*

**Latest in a spate . . .**

# *Grace plans spinoff of El Torito concept*

**By Rurick Telberg**

IRVINE, Calif.—In the latest of a spate of new-issues spinoffs, W. R. Grace & Co., which operates almost 600 restaurants, plans to sell up to 46% of its 109-unit El Torito Mexican dinnerhouse chain to the public.

El Torito Restaurants Inc. has filed a plan with the U.S. Securities and Exchange Commission to issue up to 4.84 million shares of common stock.

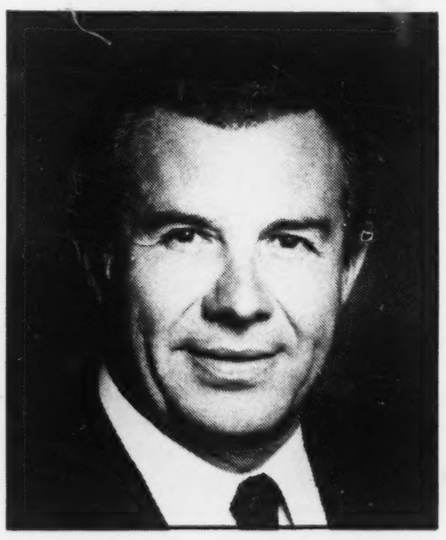
Priced at $15 to $18 per share, the new issue could reap up to $87 million, making it one of the biggest initial offerings in the food-service industry since the stock market rally began in August 1982.

Recently Carlson Cos. floated a proposal to spin off 40% of the 82-unit T.G.I. Friday's chain for up to $99 million.

In addition, Gladieux Corp. plans to sell a third of its eight-unit Rax fast-food franchisee. The Toledo, Ohio, contract feeder could raise $5 million to fuel expansion in Ohio, Michigan and along super highways in 18 states.

Earlier spinoffs greased by a hot stock market and stubbornly high interest rates have included Krystal's Po Folks, Collins' Sizzler and Bonanza's USACafes issues.

W. R. Grace could pocket almost $34 million from the stock sale. In addition, El Torito's maximum $45 million portion would go to repay Grace some



**Larry J. Cano**
*El Torito president*

$52 million advanced to El Torito since the then-24-unit chain was acquired in 1976.

*(Continued on page 114)*

# *Hunt selling Shakey's to Sacramento franchisee*

**By Don Jeffrey**

DALLAS—Hunt International Resources has struck a deal to sell its Shakey's pizza chain, on the block for over a year and a half, to its Sacramento franchisee.

A letter of intent to purchase has been signed by both parties and the deal is expected to close Jan. 14. No other details were provided by Hunt, Shakey's or the potential new owners.

The buyers are Jay Halverson and Gary Brown, operators of nine Shakey's in the Sacramento area, including the original unit opened by chain founder Sherwood (Shakey) Johnson.

Purchase of a restaurant chain by a franchisee has occurred several times in the past few years. A few months ago the biggest franchisee of Bridgeman's Restaurants and Ice Cream parlors bought the 50-year-old, 50-unit chain from parent Land o' Lakes. A Swensen's franchisee, Red River Resources, purchased that chain three years ago.

Halverson and Brown are former Shakey's executives who left the company in 1974 to form a franchise partnership in Sacramento. Brown is president of Shakey's Franchise Dealers

*(Continued on page 114)*

# Grand Union unveils new look in takeout

**By Joe Edwards**

PARAMUS, N.J.—Grand Union is testing an upscale takeout foods concept called Market Square at its recently remodeled supermarket in this upper middle-class New York suburb. The test represents the latest and most competitive threat to restaurants posed by supermarket chains pursuing the takeout foods market.

Underscoring this point is the involvement in the experiment of two former executives from Maxwell's Plum, a well-known casual theme restaurant on New York's Upper East Side.

Bob Mohell, former purchasing director at Maxwell's Plum, is corporate vice president of product development for the 600-unit East Coast supermarket chain, and Bob Willis, longtime general manager of the restaurant, is manager of Grand Union's hot foods preparation department.

Grand Union has been experimenting with several different upscale concepts over the last five years that have included takeout, "gourmet"-style foods, but the two-month-old Market Square prototype is its most radical departure to date from traditional supermarket concepts.

**Grand Union store in Paramus, N.J., is the testing ground for the chain's new Market Square takeout concept. If successful, Market Squares will be put in other stores.**

Its offerings are varied, including barbecued meats and poultry, unusual pâtés and terrines, hot and cold entrees, fresh soups and chowders, sandwiches and a make-your-own salad bar.

"If successful, we expect to put [Market Square] in our largest stores," a Grand Union spokesman said. "Thus far, it's been accepted very, very well."

*(Continued on page 114)*

## LATE NEWSBREAKS

**Collins Foods, Los Angeles, says it has acquired privately held Gino's East pizzeria in Chicago as the first step in a plan to develop its own chain of both company-owned and franchised pizzerias.**

**Students, faculty, alumni and contributors to Michigan State University's HRI Management School have vigorously protested the sudden discharge of Donald I. Smith as director of the school and his demotion to a tenured faculty member. Smith, who in his three years there sharply upgraded the program in content and industry stature, has filed a lawsuit for damages and reinstatement. He earlier had protested the university's allocation and alleged "misappropriation" of two major grants reportedly meant for the HRI School to its parent College of Business.**

COMMODITIES

# Fruit, vegetable prices move higher

**NRN Special Report**

As the pack seasons have ended, a number of fruit and vegetable prices have increased as forecast by *NRN* in this space over the past several months. Price rises have been caused by two major factors: The supply of product has been curtailed by design and by adverse weather in a number of areas, and the cost of processing, particularly energy and fuel, has continued to creep up.

A quick roundup shows the new crop of a number of the dried beans is up. Colorado pinto beans have been posted by packers at $1.00 per hundredweight higher than current stocks from the 1982 harvest. The price is now 75% to 82% higher than last year's $14-$14.50 price (f.o.b. packer). Michigan navy beans were up, at $29.50-$30. Light red kidney beans were up at around $35-$36.50 as *NRN* went to press. Idaho pinks and Nebraska great northern beans were also higher than last year's levels. Large California lima beans continued to move up. One reason for the boost in dried bean prices was last summer's drought in most of the areas.

Southern frozen pea packers raised prices on food-service packs in early October, followed in mid-month by Midwest green pea canners. The price increase on the Southern products (blackeye, crowder, field and purple hull peas) was $0.02 a pound, f.o.b. packer.

The frozen asparagus pack is down by nearly 42%, the smallest one in about 10 years. The carryover from last year was poor, so asparagus is generally available only to distributors and chains which have placed prior orders. In addition, packers are boosting list prices about $0.03 per pound per month for product carried in freezer storage.

Fresh asparagus from Chile is coming into the United States in quantity, and is available to food-service operators in most

*(Continued on page 113)*

## PRICE MOVEMENT AT A GLANCE

| | Oct. 28, 1982 | Sept. 28, 1983 | Oct. 28, 1983 |
|---|---|---|---|
| Beans, pinto, Colorado, (cwt.) | $14.00-14.50 | $24.50 | $25.50 |
| Beef, Choice, 700-900 lb. Midwest, (lb.) | $ 0.93 | $ 0.92 | $ 0.90 |
| Broccoli, Grade A, spears, frozen, Calif. (lb.) | $ 0.57-0.60 | $ 0.55-0.57 | $ 0.50-0.55 |
| Broilers, Grade A, icepack, N.Y.C. (lb.) | $ 0.4308 | $ 0.5083 | $ 0.5667 |
| Coffee, green beans, Brazilia, N.Y.C. (lb.) | $ 1.38 | $ 1.30 | $ 1.4425 |
| Eggs, Grade A Large, CHI, (doz.) | $ 0.6675 | $ 0.77-0.79 | $ 0.75-0.77 |
| Lettuce, iceberg, Calif. (24s) | $ 3.00 | $ 5.00-6.00 | $ 4.00-6.00 |
| Peas, Fancy 4s, canned, Midwest, (6/10) | $10.00-10.50 | $11.50-11.75 | $11.75-12.00 |
| Pork Loins, Choice, 14-17 lb., Midwest, (lb.) | $ 1.10 | $ 0.97 | $ 0.84 |
| Strawberries, fresh, med. lg., Calif., (12/pints) | $ 5.00-6.00 | $ 4.50-5.00 | $12.00-15.00 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Shake-shop styled G. D. Ritzy's charts explosive expansion

## Projects 60 units open at year's end; 100 more by 1985

**G. D. Ritzy's prototype 60-seat unit measures a compact 15,000 sq. ft. yet grosses more than $750,000 per year.**

**By Rurick Telberg**

COLUMBUS, Ohio—Cashing in on baby-boomers' flagging taste for standard fast food, G. D. Ritzy's is charting explosive expansion with a formula based in freshly grilled burgers and rich ice creams served in a 1940's shake shop setting.

"We're the first of the specialty fast food concepts," asserted Graydon Webb, the 34-year-old founder, chairman and chief executive. "We're blending fast food with upscale burgers."

With a staff balanced by experienced hands at finance and administration versus a group of young fast-track executives from Wendy's, G. D. Ritzy's is hitting pay dirt. And the industry is taking notice.

Almost 60 restaurants are due by the end of the year, half of them franchised. About 160—100 of them franchised—are due by the end of next year. And franchisees have signed up for some 720 outlets by the end of the decade—expansion to be matched by the parent 1-for-2.

Nursed by venture capital from the Ohio state pension fund and sustained by two public offerings, the three-and-a-half-year-old company expects a $600,000 loss this year, bringing its start-up red ink to $2 million. But next year, $3 million in net profits should clear the books.

The prototype 60-seat unit, which measures a compact 1,500 sq. ft., is grossing almost $750,000 per year. On an initial outlay of $500,000, operators make a 26% cash flow return—laying the foundation for geometric growth.

G. D. Ritzy's is doing to hamburgers what Gloria Vanderbilt did to jeans, what Perrier did to water, what Haagen-Dazs did to ice cream. Call it: Designer fast food.

The chain is one of the newest incarnations of the fast-food format that caters to a style-conscious clientele. But where the new breed of fast-service upscale burger concepts woos with liquor, G. D. Ritzy's offers superpremium ice cream.

Now pulling about 40% of sales, ice cream smooths out the day for G. D. Ritzy's, luring 50% of the chain's traffic in the

*(Continued on page 11)*

*Turnaround through diversification*

# Magic Pan: Going beyond crepes

**By Ken Frydman**

TROY, Mich.—Magic Pan has stepped up its concept diversification and moved further from its crepe chain origins with the opening this month of its first domestic Nopalitos, a full-service Mexican dinnerhouse.

The suburban Detroit location, a former Magic Pan restaurant, is the chain's second Nopalitos (the restaurant's name translates as "little cactus"). The first Nopalitos, built from the ground up in combination with a Magic Pan unit, opened last year on an 11,000-sq.-ft. site in Edmonton, Canada.

Magic Pan is also testing two other concepts: Laredo's, an upscale hamburger and chili operation in Brea, Calif., and Magic Chicken, a fast-food chicken unit in San Francisco. Most importantly though, the Magic Pan menu has been expanded to include 17 noncrepe items, including steak, seafood and pasta, at lunch and dinner.

"We have moved from a creperies chain to being positioned as a full-menu restaurant," said recently named Magic Pan president Tim Ryan. Ryan, the San Francisco-based chain's former senior marketing vice president, was installed as president soon after Bay Bottlers Ltd. of Oakland, Calif., bought the chain in July 1982 from the Quaker Oats Co.

Magic Pan reportedly broke even during fiscal year 1983, ended June 30, on gross sales of $68 million. The chain's revenues for fiscal 1982 under Quaker were approximately

*(Continued on page 113)*

**Behind Nopalitos (l. to r.): Magic Pan president Tim Ryan, parent Bay Bottler Ltd. president Charles Patel Jr. and Magic Pan operations vice president William Gallucci. Below, interior of new Nopalitos in Troy, Mich.**

# Economist foresees 4%-7% hike in 1984 restaurant menu prices

**By Laura Woda**

WASHINGTON—A "moderate" rise in labor costs in 1984 will play a critical role in keeping restaurant food-price increases between 4% and 7% next year, Agriculture Department economist Ralph Parlett predicted.

According to Parlett, labor expenses representing 50% of the food-marketing costs facing restaurateurs will increase by 3% to 6% in 1984, compared to 10% two years ago.

Preliminary Agriculture Department figures indicate that overall food industry labor costs rose by 4% this year.

Payroll costs are expected to rise at a "moderate rate" next year because labor contracts contain low wage and benefit increases, if any, and a minimum wage hike is not likely, Parlett said.

The slight increase in labor costs projected for next year is important because "as the economic recovery gains strength" other food marketing prices "are likely to increase" at faster rates than in 1983.

For example, Parlett forecasts that fuel prices will rise by 5% to 8% in 1984, compared to only 1% this year.

While he did not indicate what type of fuel will jump in price, Parlett did point out that "prices of natural gas, the major type of energy used in food processing" increased 20% in 1983.

The cost of transportation will also rise by 3% to 6% next year, compared to 1% in 1983, according to preliminary Agriculture figures.

Such an increase, however, would still be well below the 16% rise in transportation costs just two years ago.

In addition to somewhat higher food marketing costs in

*(Continued on page 113)*

# NRA intensifies its effort to fill staff chief position

**By Charles Bernstein**

WASHINGTON—The National Restaurant Association has set an early December deadline for applications to be filed for the executive vice president-staff chief post which it hopes to fill by May. (Related story, page 11.)

Joe Lee, NRA president, has requested that applications be filed immediately by any interested persons with the search committee secretary, Rian's Inc. president John Rian, c/o the National Restaurant Association, 311 First St., NW, Washington, D.C. 20001 202-638-6100.

"We would welcome applications by anyone from the MRA staff or outside the staff, in the restaurant industry or outside the industry," Lee declared following an initial search commit-

*(Continued on page 113)*

FINANCIAL NEWS

# McNugget sales spark 16% rise in McD 3rd-qtr. net

OAK BROOK, Ill.—Sparked by strong incremental sales from Chicken McNuggets, McDonald's net profit jumped 16% to $100.6 million on a 13% revenue increase to $830 million in the third quarter ended Sept. 30, compared to the same period a year earlier.

Systemwide sales in the quarter rose 14% to $2.4 billion and sales in the international division, which operates and franchises 1,470 units, increased 17% to $451 million.

This was the first time McDonald's profit reached the $100 million mark in a three-month period, according to chairman Fred L. Turner who noted that in 1976 profit for the entire year was $100 million.

Turner said "favorable customer response" to a national rollout of Chicken McNuggets in three package sizes contributed to the strong third-quarter results. McNuggets incremental sales also "contributed to the highest average restaurant sales in the company's history," he added.

In 1982, an average McDonald's restaurant reported annual sales of $1.1 million; average unit sales in this year's third quarter were not disclosed. Turner said "strengthening sales" also helped profit margins at company-owned restaurants to reach 18.3%, compared to 17.1% in 1982.

In the first nine months of this year, McDonald's profit rose 13% to $262 million on a 10% rise in revenue to $2.2 billion compared to the first nine months of 1982.

McDonald's opened 139 new restaurants in July, August and September, bringing the worldwide total to 7,589 as of Sept. 30, an increase of 526 units over a year ago. There were 192 restaurants under construction at the end of the third quarter.

# *Saga posts 33% gain in 1st-qtr. profits*

MENLO PARK, Calif.—Saga Corp. reported $4.3 million in net profits for the first quarter ended Sept. 24, a 33% jump over the same period last year.

Saga's first-quarter revenues rose 11% from a year ago to $236.4 million. Restaurants accounted for a 17% gain to $91.3 million and contract food service increased 8% to $145.1 million.

Saga's fiscal 1983 financial statements have been restated to reflect the Grandy's acquisition. In addition, Saga owns Stuart Anderson's Black Angus/Cattle Company, Spoon's, Straw Hat Pizza, and the Velvet Turtle restaurant chains.

The company cited favorable food costs overall and successes in its Grandy's, Straw Hat, education and health-care business lines for its earnings growth.

# Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended Nov. 4 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend (% per day) Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend (% per day) Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Last Fiscal Year (Per Share) Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.38 | 6.00 | 6.00 | -.25 | -4.00 | 7.88 | 5.00 | -.08 | -.69 | -.65 | 30.87 | .05 | .10 N | 500.0 | -8.0 | .3 | 50.0 | .00 | .0 | 01-06-81 | 37.1 | 1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 31.75 | 28.63 | 31.00 | -.38 | -1.20 | 38.50 | 24.75 | -.17 | 1.06 | .86 | -21.91 | 2.52 | .42 F | 20.0 | 53.0 | 7.9 | 12.3 | .25 | .8 | 08-10-83 | 175.1 | 13.9 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 49.38 | 46.25 | 47.25 | .50 | 1.07 | 55.00 | 31.25 | -.24 | -1.28 | 2.50 | -1.29 | 3.43 | .52 N | 15.0 | -2.0 | 1.4 | 11.9 | 2.05 | 4.3 | 11-25-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 14.50 | 13.25 | 14.50 | 2.00 | 16.00 | 18.50 | 4.09 | -.52 | 1.33 | 3.22 | 1.88 | .39 | .13 N | 30.9 | -7.0 | 2.2 | 26.4 | .12 | .8 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 4.75 | 4.13 | 4.63 | -.13 | -2.63 | 9.75 | 4.13 | -.52 | 1.31 | -3.29 | -5.09 | .88 | -.28 N | -35.4 | 32.0 | 3.7 | 9.1 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 23.50 | 23.25 | 23.25 | -.50 | -2.11 | 26.81 | 17.25 | .01 | -.43 | -6.00 | 15.47 | .89 | .04 Q | 4.4 | 23.0 | 7.5 | 25.0 | .26 | 1.1 | 09-19-83 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 3.13 | 1.13 | 1.13 | -2.00 | -64.00 | 3.69 | 1.13 | -1.62 | -24.71 | 1.02 | -19.73 | .06 | 1.54 S | NE | -83.0 | 3.1 | 10.2 | .00 | .0 | 11-02-83 | 16.1 | .5 | 1.6 | 4.85 | .84 | 1282 |
| Brock Hotel Cp | BHC | 6.38 | 5.50 | 5.50 | -.63 | -10.20 | 12.75 | 5.50 | -.77 | -.32 | 1.55 | 34.35 | .55 | -.97 N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.8 | 09-27-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 15.00 | 14.50 | 14.50 | .25 | 1.75 | 17.25 | 6.66 | .25 | -.10 | -.37 | -30.94 | .80 | .11 S | 15.0 | 8.0 | 4.6 | 17.3 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | 4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 7.13 | 6.63 | 6.63 | -.50 | -7.02 | 8.38 | 2.13 | -.05 | -.85 | -2.04 | -23.66 | .00 | .00 F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 9.50 | 8.13 | 9.00 | -.63 | -6.49 | 11.88 | 2.94 | -.33 | .89 | -.56 | -22.34 | .50 | .28 F | 127.2 | 437.0 | 3.6 | 18.0 | .06 | .7 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 21.00 | 20.13 | 20.13 | -.88 | -4.17 | 25.19 | 13.75 | -.56 | -.31 | -.44 | -13.84 | 1.39 | .05 N | 3.5 | 15.0 | 4.9 | 13.9 | .40 | 2.0 | 10-18-83 | 382.0 | 18.7 | 1.0 | 6.14 | 8.75 | 1282 |
| Chi-Chis | CHIC | 25.00 | 21.38 | 23.25 | -1.88 | -7.46 | 29.00 | 11.31 | -.50 | 1.06 | .75 | 37.38 | .39 | .23 Q | 104.5 | 454.0 | 9.4 | 51.7 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 19.63 | 12.25 | 13.38 | -6.13 | -31.41 | 24.38 | 12.25 | -.62 | -12.08 | 8.67 | 42.14 | .64 | .23 F | 56.0 | -3.0 | 2.9 | 20.9 | .50 | 3.7 | 07-15-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 27.63 | 25.13 | 26.88 | .00 | .00 | 33.50 | 21.84 | .58 | .70 | -2.45 | 7.51 | 2.19 | -.27 N | -11.8 | 11.0 | 10.1 | 13.4 | .72 | 2.7 | 10-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.13 | 2.63 | 2.75 | -.25 | -8.33 | 4.00 | 2.63 | -1.18 | -1.32 | -1.91 | 23.15 | .13 | .46 S | NE | 87.0 | 2.1 | 9.5 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.25 | 17.50 | 18.63 | 1.00 | 5.67 | 19.84 | 11.50 | .22 | .89 | 1.18 | 13.24 | 1.47 | .32 Q | 26.0 | 29.0 | 3.8 | 12.0 | .20 | 1.1 | 09-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 16.50 | 15.75 | 16.25 | -.38 | -2.26 | 18.75 | 8.88 | -.39 | -.08 | 1.37 | 28.61 | .26 | .33 Q | NE | 133.0 | 2.5 | 52.4 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 25.25 | 22.00 | 22.00 | -3.00 | -12.00 | 27.34 | 10.84 | .09 | -2.56 | 1.33 | 11.93 | .86 | .17 F | 24.6 | 29.0 | 4.4 | 25.6 | .14 | .6 | 08-30-83 | 45.7 | 2.0 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 36.13 | 33.75 | 35.50 | .50 | 1.43 | 36.88 | 27.13 | .45 | .52 | -4.53 | -5.52 | 2.54 | .13 Q | 5.2 | 13.0 | 3.8 | 13.6 | .72 | 2.0 | 12-06-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Dunkin Donuts | DUNK | 24.75 | 23.25 | 23.25 | -1.50 | -6.06 | 28.75 | 16.00 | .01 | -1.63 | .65 | 30.34 | 1.40 | .22 N | 16.2 | 25.0 | 9.4 | 14.8 | .28 | 1.2 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 34.25 | 30.00 | 33.88 | 3.75 | 12.45 | 34.25 | 11.53 | .95 | 1.29 | .41 | 37.61 | 1.92 | .48 Q | 28.0 | 24.0 | 3.7 | 15.5 | .40 | 1.2 | 09-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfathers Pizza | GFPZ | 17.25 | 16.25 | 16.50 | -.63 | -3.65 | 25.50 | 13.88 | -.55 | -.60 | 6.68 | -19.11 | .65 | .06 N | 10.0 | 105.0 | 15.8 | 25.0 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 10.25 | 9.50 | 9.50 | -.75 | -7.32 | 12.00 | 5.75 | -.27 | -.13 | .74 | 11.54 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 55.63 | 53.00 | 54.63 | .63 | 1.16 | 60.25 | 40.13 | .21 | -.33 | -.91 | -9.57 | 3.04 | .37 N | 10.5 | 12.0 | 14.4 | 14.1 | 1.80 | 3.3 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 52.25 | 48.50 | 48.75 | -2.50 | -4.88 | 59.00 | 31.00 | -.39 | -.35 | -.12 | 8.95 | 2.50 | .71 N | 29.3 | 14.0 | 6.8 | 15.6 | .84 | 1.7 | 09-12-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 25.13 | 22.50 | 22.50 | -2.75 | -10.89 | 32.34 | 13.75 | -.51 | -.35 | -2.13 | 18.48 | .74 | .37 S | 62.7 | 952.0 | 2.8 | 23.4 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9.00 | 8.50 | 8.50 | -.50 | -5.56 | 12.25 | 6.66 | -.28 | -.14 | .76 | 7.76 | .00 | -.78 F | -100.0 | -9.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .6 | 4.91 | 5.57 | 0682 |
| Imperial Grp | IMT | 2.00 | 1.88 | 2.00 | .19 | 10.34 | 2.06 | 1.56 | .46 | .00 | .16 | -27.53 | .47 | -.10 S | -17.2 | 6.0 | 2.6 | 4.2 | .11 | 5.5 | 09-27-83 | 7742.8 | 198.3 | 1.1 | 54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 36.50 | 35.50 | 36.50 | .50 | 1.39 | 40.00 | 20.75 | .25 | .28 | .91 | -5.17 | 2.17 | .81 N | 39.3 | 64.0 | 6.3 | 12.7 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 20.75 | 17.25 | 17.25 | -3.25 | -15.85 | 23.00 | 3.91 | -.18 | -3.70 | .18 | 31.03 | .92 | .86 Q | 296.5 | 369.0 | 4.8 | 15.0 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JBs Rest | JBBB | 13.25 | 12.50 | 12.75 | -1.00 | -7.27 | 18.13 | 9.38 | -.82 | -.12 | 2.06 | -20.86 | .93 | .21 N | 25.3 | 12.0 | 3.5 | 12.3 | .20 | 1.6 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.63 | 16.63 | 16.63 | -3.13 | -15.82 | 23.50 | 16.63 | -.30 | -1.18 | .46 | -27.51 | 1.33 | -.07 F | -5.0 | 27.0 | 4.6 | 12.5 | .12 | .7 | 11-04-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 6.13 | 5.63 | 5.88 | -.25 | -4.08 | 10.75 | 3.38 | -.14 | -.10 | -1.23 | 33.61 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 14.38 | 12.88 | 12.88 | -.88 | -6.36 | 18.75 | 11.50 | -.48 | -1.23 | 1.21 | 65.43 | .40 | .09 Q | 27.2 | 57.0 | 6.3 | 30.7 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 37.50 | 33.75 | 36.25 | 1.25 | 3.57 | 43.75 | 15.00 | -.06 | 1.48 | -.66 | 47.76 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 23.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Lubys Cafe | LUB | 35.00 | 33.50 | 34.50 | .25 | .73 | 35.00 | 28.00 | .29 | -.22 | -3.55 | 2.30 | 1.35 | .18 N | 13.8 | 30.0 | 9.1 | 23.3 | .60 | 1.7 | 12-12-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 14.00 | 13.63 | 13.63 | -.50 | -3.54 | 15.13 | 8.13 | -.06 | -.02 | -3.10 | -50.40 | 1.28 | .24 Q | 21.0 | 7.0 | 6.1 | 9.9 | .25 | 1.8 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 72.25 | 68.13 | 68.38 | -.63 | -.91 | 81.00 | 50.25 | -.22 | -.93 | .15 | -18.74 | 3.44 | .58 N | 17.3 | 36.0 | 3.7 | 17.4 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 70.75 | 66.75 | 69.13 | 2.00 | 2.98 | 74.50 | 53.63 | .39 | -.12 | 2.78 | -25.90 | 5.00 | .65 N | 13.3 | 23.0 | 11.1 | 12.5 | 1.00 | 1.4 | 10-25-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 20.25 | 17.63 | 18.13 | -2.63 | -12.65 | 21.06 | 13.69 | -.09 | -.15 | 1.18 | -22.22 | 1.34 | .21 Q | 17.9 | 14.0 | 4.5 | 13.1 | .40 | 2.2 | 10-07-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 8.75 | 8.25 | 8.25 | -.50 | -5.71 | 10.50 | 2.13 | -.53 | -.82 | .85 | -15.34 | -.98 | -.17 N | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 3.00 | 2.88 | 3.00 | -.13 | -4.00 | 3.63 | 1.00 | .14 | .00 | -4.38 | -32.11 | .09 | .06 F | 200.0 | 34.0 | 1.1 | 33.3 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 16.25 | 15.00 | 15.38 | -.63 | -3.91 | 32.75 | 14.50 | -.84 | -.90 | 1.11 | -.93 | .70 | .11 F | 18.6 | 190.0 | 3.6 | 22.0 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | .09 | -.09 | 5.61 | 90.00 | .69 | -.81 N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.00 | 6.38 | 6.75 | -.25 | -3.57 | 7.88 | 4.38 | 1.09 | .05 | 3.95 | 2.73 | .63 | .88 F | NE | -15.0 | 2.5 | 10.7 | .00 | .0 | 02-22-82 | 80.7 | 2.0 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 8.75 | 7.63 | 7.75 | -1.00 | -11.43 | 15.13 | 5.75 | -1.49 | .15 | 2.11 | 6.34 | .28 | .10 Q | 47.6 | 211.0 | 7.5 | 25.0 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 14.50 | 14.13 | 14.25 | -.50 | -3.39 | 18.13 | 12.75 | .17 | -.21 | -2.44 | -33.75 | .99 | -.49 Q | -35.5 | 3.0 | 3.9 | 16.0 | .60 | 4.2 | 09-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 15.00 | 14.25 | 14.50 | -.13 | -.85 | 17.50 | 5.34 | .70 | -.27 | .87 | 31.25 | .55 | .70 N | 179.4 | 9.0 | 1.3 | 13.3 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 8.13 | 6.38 | 6.50 | -2.00 | -23.53 | 26.00 | 6.38 | -2.34 | -4.15 | 1.20 | 6.68 | 1.27 | .29 N | 25.8 | 604.0 | 7.6 | 4.6 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 19.00 | 17.25 | 18.25 | .00 | .00 | 25.25 | 15.00 | -.36 | -.92 | 1.02 | -56.44 | 1.50 | .13 S | 9.1 | -3.0 | 2.8 | 11.8 | .33 | 1.8 | 09-21-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.38 | 9.13 | 9.50 | -.38 | -3.80 | 11.88 | 4.88 | -.19 | .64 | -.09 | 10.62 | -.73 | .15 N | NE | -30.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 8.00 | 7.00 | 7.38 | -.38 | -4.84 | 11.38 | 5.38 | -.32 | -.45 | .64 | 7.25 | .77 | .12 N | 19.3 | 37.0 | 1.8 | 10.0 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 21.50 | 19.75 | 21.25 | -1.25 | -5.56 | 28.25 | 5.31 | -.87 | 1.96 | 1.89 | -25.39 | .33 | .13 N | 40.6 | 87.0 | 10.6 | 47.2 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 30.75 | 28.00 | 28.63 | -2.38 | -7.66 | 40.25 | 18.63 | -.83 | -.56 | 4.34 | 28.37 | 2.10 | .49 Q | 28.9 | 73.0 | 2.3 | 13.1 | .36 | 1.3 | 08-15-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 11.00 | 10.50 | 10.50 | -.75 | -6.67 | 15.50 | 10.50 | -.99 | -.82 | 1.82 | 20.83 | .70 | -.17 Q | -21.5 | 19.0 | 4.5 | 16.9 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 10.88 | 10.13 | 10.50 | -.50 | -4.55 | 15.00 | 5.50 | -.15 | -.06 | .06 | 23.54 | .02 | -.81 N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 14.50 | 13.75 | 14.50 | .00 | .00 | 17.94 | 9.53 | -.19 | .97 | 2.82 | 23.68 | .67 | -.40 S | -41.6 | 27.0 | 1.5 | 25.9 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoneys Inc | SHON | 23.50 | 22.50 | 23.50 | .50 | 2.17 | 27.38 | 18.38 | .36 | .51 | -3.54 | 39.26 | .86 | .26 N | 35.6 | 26.0 | 5.1 | 23.7 | .15 | .6 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 12.75 | 10.75 | 12.00 | -.25 | -2.04 | 16.25 | 9.75 | .11 | -.13 | 4.11 | 45.28 | 1.01 | .29 Q | 36.2 | 18.0 | 4.5 | 11.0 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 9.75 | 9.00 | 9.75 | .00 | .00 | 15.50 | 4.50 | -.61 | 2.32 | 2.02 | -.02 | .48 | .45 N | 121.6 | 18.0 | 2.6 | 11.9 | .08 | .8 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 16.50 | 16.50 | 16.50 | -5.50 | -25.00 | 22.00 | 16.50 | -.84 | -.13 | -3.77 | 85.71 | .37 | -.18 S | -20.9 | -1.0 | .9 | 24.3 | .26 | 1.6 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.63 | 4.63 | 4.63 | -.25 | -5.13 | 7.50 | 2.13 | -.18 | -.13 | -7.48 | -9.19 | .27 | .09 Q | 42.8 | 102.0 | 3.8 | 15.4 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 9.75 | 6.75 | 9.00 | 2.13 | 30.91 | 9.75 | 2.63 | 1.18 | 2.53 | 6.34 | -5.27 | .18 | .15 N | 166.6 | -12.0 | 1.4 | 37.5 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 7.50 | 6.63 | 7.00 | -.75 | -9.68 | 13.63 | 5.00 | -.71 | .44 | 3.32 | -8.18 | -2.39 | -2.25 S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 19.00 | 17.00 | 19.00 | 1.38 | 7.80 | 19.63 | 13.00 | .76 | 1.88 | 3.19 | 64.57 | 1.13 | .19 N | 17.4 | 22.0 | 7.3 | 14.8 | .24 | 1.3 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 18.38 | 14.88 | 16.13 | -2.13 | -11.64 | 25.00 | 9.13 | -.57 | .58 | 1.03 | -12.34 | .16 | .38 S | NE | -23.0 | .5 | 537.5 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.00 | 12.75 | 12.75 | -.25 | -1.92 | 17.50 | 8.50 | .01 | -.12 | -1.24 | 47.76 | .92 | -.13 S | -11.8 | 6.0 | 3.1 | 13.1 | .16 | 1.3 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 13.13 | 12.38 | 12.50 | -.50 | -3.85 | 17.13 | 10.03 | .00 | -.72 | -1.48 | -38.62 | .63 | -.03 N | -4.7 | 11.0 | 2.6 | 20.8 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Wendy's earnings up 30%

DUBLIN, Ohio—Wendy's net profit rose 30% to $16.1 million on a 19% increase in revenues to $190 million for the third quarter ended Sept. 30 compared to the year-earlier period. Systemwide sales were up 20% to $510.5 million in the third quarter.

Robert L. Barney, chairman and chief executive, said third-quarter gains were spurred by a 5.5% growth in real sales (sales increases minus menu price hikes).

Restaurant profit margins rose to 20.4% from 18.8% a year ago, reflecting "better operating efficiencies and lower beef costs as well as the increase in real sales," Barney added. Couponing in July, August and September was reduced, he said.

Wendy's "aggressive advertising campaign, together with the improving economy, contributed to the company's strong performance," Barney said.

Average unit sales rose 10.5% in the quarter to about $200,000, according to another spokesman, Denny Lynch, who said company officials expect average unit sales to reach the $750,000 mark for the year. In 1982 sales at an average Wendy's unit were $702,000.

Wendy's began a national rollout of "stuffed" baked potatoes in September and has approved a systemwide breakfast menu that's available to all franchisees.

On Sept. 30, there were 2,591 Wendy's units in the United States and 10 other countries, including 878 company-owned units.

Wendy's wholly owned subsidiary, Sisters Chicken & Biscuits, had 38 units open and 10 under construction at the end of the third quarter.

# Chart House profit increases 20%

LAFAYETTE, La.—Chart House, Burger King's largest franchisee and operator of several dinnerhouse chains, said net income rose 20% to $6.9 million on revenues that increased 7% to $109 million for the third quarter ended Sept. 30, compared to the same period a year ago.

For the nine months, net income and revenues increased 25% and 8%, to $16.4 million and $308 million, respectively, over the comparable period in 1982.

Donald N. Smith, president and chief executive officer, said the earnings growth reflected "a continuation of strong year over year volume comparisons in Burger King restaurants," improved performance of Chart House steak restaurants and cost saving measures.

Smith also said the company continued to prepare for "major physical expansion" next year, particularly of its chain of Luther's Bar-B-Q restaurants.

At the same time, negotiations for Chart House's previously announced acquisition of Nebraska-based Godfather's Pizza, an 800-plus unit chain, are continuing, with a definite agreement expected "shortly," Smith said.

Chart House currently operates and franchises more than 500 restaurants in the United States, the U.S. Virgin Islands and Puerto Rico.

# G. D. Ritzy's posts $152G loss

COLUMBUS, Ohio—G. D. Ritzy's Inc. narrowed its loss in the third quarter ended Sept. 30 to $152,000 from the $284,000 loss reported for the same period last year.

Executives said the results indicate the start-up company would be profitable by the fourth quarter.

Revenues at the fledgling burger and ice cream chain rose to $2.4 million, a 152% gain over last year's third quarter.

Nine-month net losses were $849,000, compared to $612,000 last year, and revenues were $5.2 million, 158% over the year-ago period.

Systemwide sales for the third quarter were $4.3 million, up 55% from the second quarter and 355% from the 1982 third quarter.

At mid-October, there were 40 G. D. Ritzy's Luxury Grill & Ice Creams restaurants in operation, 19 company-owned and 21 franchised. At the same time, the company had licensed franchisees to operate a total of 719 outlets in 18 states and the District of Columbia.

Also during the third quarter, the company floated a secondary public equity offering of 750,000 shares of common stock to raise $8.4 million.

# Hungry Tiger earnings plummet

LOS ANGELES—Hungry Tiger Inc.'s net profit was all but wiped out for the year ended Sept. 2.

Fiscal 1983 net profit was $3,000, compared to $2.1 million in 1982.

Sales, meanwhile, rose to $63.8 million, 14% above 1982.

"This was a year of growth and transition," said Alan Redhead, president and chief executive. He blamed the acquisition of Lobster House restaurants and a reorganization into three operating divisions for depressed earnings.

For the fourth quarter, Hungry Tiger posted a net loss of $1.2 million compared to last year's $535,000 in net profits. Fourth quarter sales were up over year-ago levels 22% to $16.9 million.

"We believe that as the year progresses," Redhead said, "the company will return to its historical sales and earnings growth path."

Hungry Tiger said the third Breakers Seafood Co. restaurant opened in August, the fourth in September.

In addition, the first Tiger Seafood Restaurant opened in September in Tokyo under a licensing agreement with Chujitsuya Co. Ltd. of Japan.

# Winners Corp. profit up 25% to $822,000

NASHVILLE—Winners Corp. posted a 25% net profit gain to $822,000 for the third quarter ended Sept. 30, compared to the year-ago quarter.

Third-quarter sales rose 8% over last year's period to $23.9 million.

For the nine-month period, the company's net profits rose 35% to $2 million while sales edged upward half of 1% to $63 million.

Big sales gains at Winners have been absent since the company sold off 45 California Wendy's units.

The company's main business line now consists of its growing Mrs. Winner's chicken and biscuits fast food chain, where same-store sales increased 19% in the nine-month period to $470,000, compared to last year's first three quarters.

# Church's Fried Chicken net profit drops 37%

SAN ANTONIO—Profit at Church's Fried Chicken declined 37% to $6.69 million in the third quarter, ended Sept. 4, compared to the same quarter last year.

Total revenues for the quarter increased 7.5% to $112.8 million.

For the first 36 weeks of the fiscal year, profit was down 11% to $25.48 million, compared to last year. Revenues were up 6% in the first three quarters to $309.9 million.

The company gave three reasons for the drop in third-quarter profits. One was an increase in the poultry price to 49¢ a pound, compared to 44¢ last year. Another was an increase in the tax rate to 50.1%, compared to 40.9% last year. The third reason was a $2 million increase in the marketing budget over last year.

# Luby's profit increases to $14M

SAN ANTONIO—Luby's Cafeterias Inc. posted a 20% net profit increase to $13.9 million for the year ended Aug. 31 compared to the year before.

Sales were up 12% to $144.1 million over 1982.

Fourth-quarter net profit gained 17% to $3.9 million on a 12% revenue gain to $39.4 million compared to the same period a year ago.

The company maintained its traditional growth rate despite temporary setbacks during the year from the devaluation of the Mexican peso, which affected border stores, and a general slowdown in the Texas economy.

At year-end Luby's operated 71 cafeterias.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Chart House | 3 mos. | 9/30 | | | $109.0 | 7.0 | $ 6.900 | 20.0 |
| | 9 mos. | | | | 308.0 | 8.0 | 16.400 | 25.0 |
| Church's Fried Chicken | 3 mos. | 9/4 | | | 112.8 | 7.5 | 6.690 | −37.0 |
| | 9 mos. | | | | 309.9 | 6.0 | 25.500 | −11.0 |
| Frisch's Restaurants | 3 mos. | 9/18 | | | 37.7 | 11.0 | 1.700 | 54.0 |
| G. D. Ritzy's | 3 mos. | 9/30 | | | 2.4 | 152.0 | (0.152) | — |
| | 9 mos. | | | | 5.2 | 158.0 | (0.849) | — |
| Hungry Tiger | 3 mos. | 9/2 | $ 16.9 | 22.0 | | | (1.200) | — |
| | 12 mos. | | 63.8 | 14.0 | | | 0.003 | — |
| I.D.Q. | 3 mos. | 8/26 | | | 37.7 | 16.0 | 3.390 | 13.0 |
| | 9 mos. | | | | 93.2 | 17.0 | 6.200 | 17.0 |
| Jerrico | 3 mos. | 9/30 | | | 125.6 | 8.0 | 5.900 | 3.0 |
| Luby's Cafeterias | 3 mos. | 8/31 | | | 39.4 | 12.0 | 3.900 | 17.0 |
| | 12 mos. | | 144.1 | 12.0 | | | 13.900 | 20.0 |
| McDonald's | 3 mos. | 9/30 | | | 830.0 | 13.0 | 100.600 | 16.0 |
| | 9 mos. | | | | 2.2Bil. | 10.0 | 262.000 | 13.0 |
| Piccadilly | 3 mos. | 9/30 | 40.8 | 8.0 | | | 1.400 | −30.0 |
| Saga Corp. | 3 mos. | 9/24 | | | 236.4 | 11.0 | 4.300 | 33.0 |
| Wendy's | 3 mos. | 9/30 | 510.5 | 20.0 | 190.0 | 19.0 | 16.100 | 30.0 |
| Winners Corp. | 3 mos. | 9/30 | 23.9 | 8.0 | | | 0.822 | 25.0 |
| | 9 mos. | | 63.0 | 0.5 | | | 2.000 | 35.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Frisch's net profit jumps 54%

CINCINNATI—Frisch's Restaurants Inc. posted a 54% jump in net profits to $1.7 million for the first quarter ended Sept. 18, compared to the same year-ago quarter.

First quarter revenue was $37.7 million, an 11% increase over last year's first quarter.

The company attributed its gains to a remodeling and renovation program in its Big Boy and Roy Rogers outlets, advertising and promotion programs and slight declines in beef and other food costs.

Frisch's operates 107 Big Boy, 26 Roy Rogers and three Prime 'n Wine restaurants, in addition to two Quality Inn motels. One new Big Boy was opened in Louisville, Ky., during the quarter.

## Rax franchisee makes public offering

COLUMBUS, Ohio—Restec Systems Inc., a three-unit Rax Restaurants franchisee, has gone public, raising $2.6 million for new construction.

The company sold 400,000 shares, or 30% of the stock, at $7 each.

Restec runs three Rax outlets in Cincinnati, plans two more by the end of the year and four the next.

Restec, headed by 41-year-old chairman David A. Winters, acquired a five-year-old Rax franchisee, Granville Foods Inc., which had fallen behind on its development schedule because it was under-capitalized and then pinched by high interest rates.

## Gladieux Corp. going public with offering

TOLEDO, Ohio—Gladieux Corp., the contract feeder, is spinning off 33% of its eight-unit Rax fast-food franchise subsidiary to the public. Advanced Restaurant Concepts Inc., the subsidiary, will use the estimated $4 million in proceeds to develop franchised Rax units in Ohio, Michigan, and along the superhighways of 19 states.

*FOCUS ON* **HOLIDAY INNS**
*In the next issue of NRN*

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PROFILE: HOLIDAY INNS

***The gambles that paid off—Pages 57-128***

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Nation's
# Restaurant News

*The Newspaper of the Food Service Industry*

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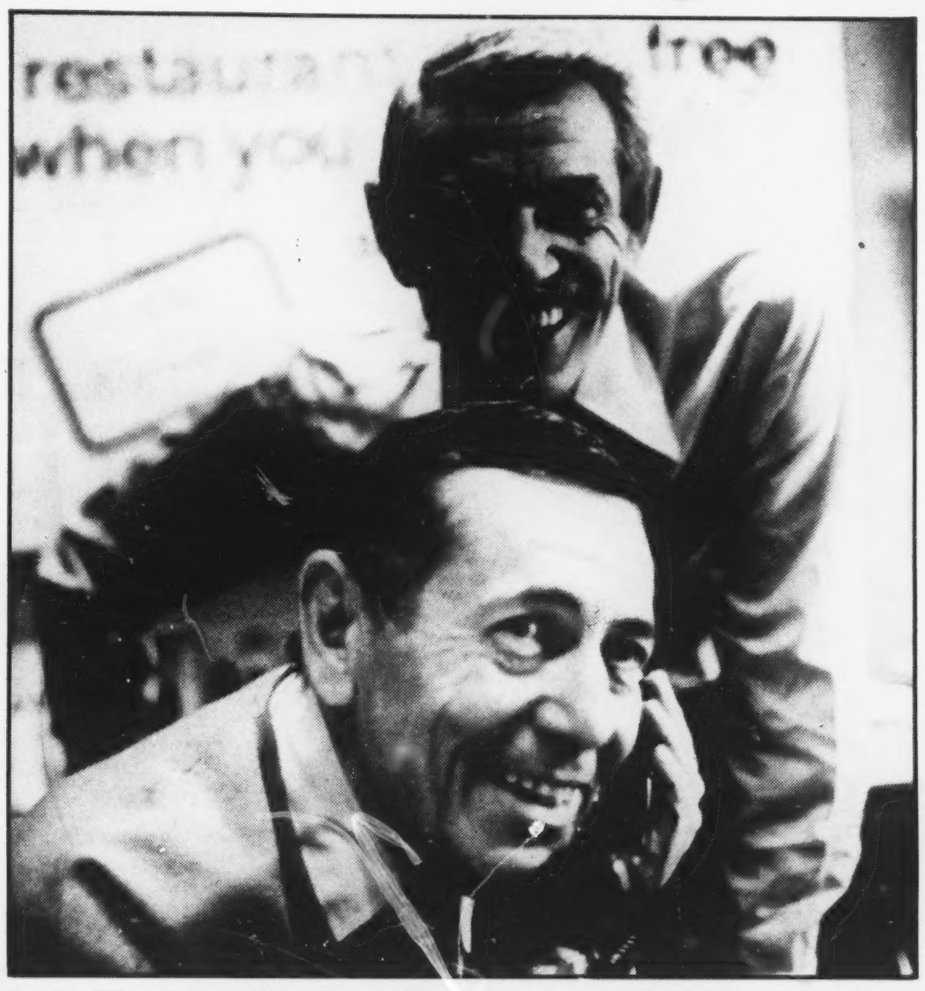
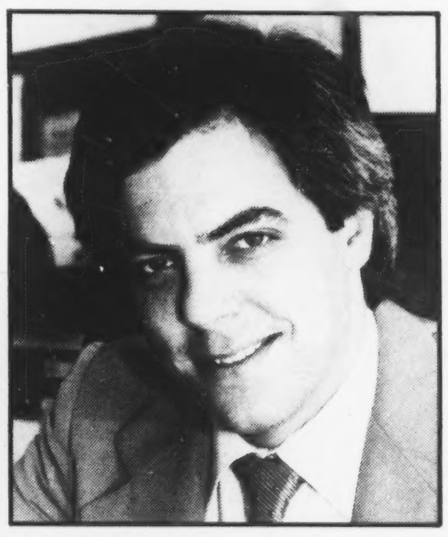
# Riese brewing a new chain for every corner

*Tightly knit family company seeking vast restaurant empire in Northeast*





**Left, The Riese Brothers, Murray (top) and Irving, who founded the family empire some 40 years ago. Right, Dennis Riese, who now heads the Riese Organization restaurant division.**

**By Charles Bernstein**

NEW YORK—Marching to the tune "Location Location Location" through the Greater New York Area and preparing intensive assaults on Philadelphia and other Northeastern citadels is Dennis Riese, who is celebrating his 33rd birthday this month with new restaurant conquests of whole corners, blocks and areas. His restaurants already dominate Times Square and Broadway in midtown Manhattan, as well as railroad stations and bus terminals.

The private and tightly held Riese Organization (formerly known as the Riese Bros. and still known as National Restaurants Management Company Inc.) has just signed a franchise deal with Los Angeles-based Collins Foods to launch 25 Sizzler steakhouses in New York City and 25 in Connecticut and Long Island. They will be called Sizzler steak, seafood and salad restaurants and will be the first Sizzler units to offer cocktail lounges and full liquor service.

At the same time Dennis Riese, president of the restaurant division, is moving ahead with plans for 30 franchise Roy Rogers units in New York City; 25 Godfather's Pizza franchise restaurants in New York and a potential 50 in the suburbs, and the remerchandising of 19 Chock Full o'Nuts counter restaurants with a "quality hamburger instead of the old steam cooked one" and an extension of "the extremely limited items" the chain had under its former management. (Riese already has four Roy Rogers and six Godfather's opened.)

Dennis also seeks to add a fast-food chicken chain to his franchisee arsenal (Popeye's, Chicken George and Church's are the leading candidates) and greatly expand his five-unit Charley O's by possibly taking over the two Charley O's owned by Peter Ashkenasy's American Hospitality Corp. (in Chapter 11), and opening others.

Riese's hottest concepts slated for expansion in New York City and the suburbs are the six-unit Lindy's (based on nostalgia but appealing heavily to tourists), the six-unit David's Cookies, the six-unit Häagen-

*(Continued on page 184)*

Gunning for McD

## *BK's new breakfasts set to roll*

MIAMI—Burger King apparently is poised to offer a new breakfast program to franchisees following several months of testing croissant sandwiches, a toppings bar featuring fresh fruit, brand-name syrups and freshly squeezed orange juice, plus other innovations in place at Miami-area company units. Buffets and kiosks are also being tried.

Company executives were unavailable at presstime for comment on the reports.

Some 1,200 Burger King restaurants—about 30% of the worldwide total—now serve breakfast. Some franchisees, however, have been reluctant to open for breakfast because they say profit margins are slim for the low-ticket, low-traffic meal period.

Breakfast is crucial, though, to Burger King's corporate goals of building market share and boosting average unit volumes to the $1 million mark. Average sales are about $870,000 compared to about $1.2 million at McDonald's, which has had a systemwide breakfast program since the mid-1970's.

"Breakfast is a no-win situation for licensees," remarked a multiunit fran-

*(Continued on page 184)*

# Trans World Airline divestiture pending

**By Roman Czajkowsky**

NEW YORK—Trans World Corporation stockholders face a Dec. 28 decision on whether to ditch a troubled airline in favor of more promising hospitality industry businesses.

If the ayes carry the day, a new Trans World, shorn of T.W.A. and composed of Hilton International, Spartan Food and Canteen, would emerge as a more focused powerhouse in the hospitality industry.

Such a scenario holds possibly far-reaching implications for a company that would be considerably smaller in terms of total revenues, but also healthier financially—and thus conceivably poised for more rapid growth.

**TRANS WORLD CORP.**

**Food-Service and Hotel Divisions**

| | Nine-Month Pretax Profits (Millions) | % Change | Nine-Month Revenues (Millions) | % Change |
|---|---|---|---|---|
| Canteen | $17.4 | +13.0 | $555.0 | − 3.3 |
| Spartan Foods | $36.5 | +25.0 | $261.0 | +21.0 |
| Hilton International | $34.0 | −22.0 | $525.0 | 0.0 |

Source: *NRN* Research

Spinning off T.W.A. into a separate, publicly held company would cut Trans World's $5 billion revenues by more than half. But a go-ahead is likely to have at least two other major effects:

- Top corporate management would be freed to devote their full energies to the company's hospitality related subsidiaries, which already are its top profit makers.
- Investors' confidence in the "new" entity would likely be bolstered, thus possibly boosting company stock which in turn would strengthen its creditworthiness and create ways to raise cash for business expansion, including acquisitions.

The stockholders meeting follows the Trans World board's directive to management earlier this year to devise a program under which the parent company's 81% share of

*(Continued on page 182)*

# *Collins bullish on pizza market with latest acquisition*

**By Richard Martin**

CHICAGO—Gino's East, the 18-year-old North Side Chicago restaurant which proclaims itself maker of the world's best pizza, has been acquired by Collins Foods International of Los Angeles as an international expansion vehicle.

Joining forces with Collins on the deal is Chicago-based Lettuce Entertain You Inc., the innovative 15-unit restaurant group whose president, Richard Melman, introduced Collins' principals to Gino's East last summer.

Lettuce Entertain You has been granted exclusive franchise rights to the state of Illinois and Buffalo, N.Y., and will manage the original 400-seat Gino's East while developing an operational prototype for future units.

Gino's East, acquired for an undisclosed amount of cash, turns a $4 million annual business on its menu of Chicago-style deep-dish pizzas, a variety of pastas and other dishes bringing an average per-person check of about $8. The restaurant features a full bar and is described as selling more beer than any place in Chicago, aside from Comiskey Park baseball stadium.

Collins Foods, KFC Corp.'s largest franchisee and 72% owner of Sizzler Restaurants, had net profits of $12.4 million on revenues of $325.5 million for the year ended April 30. The company plans to open its first two Gino's East units in Australia early next year, followed by domestic development of six more in the coming fiscal year starting May 1, and 12 more the following year.

Jim Scharf, formerly active in field operations for Collins' Sizzler division, has been named Gino's East division manager.

Collins Foods envisions development of both freestanding and in-line units, some of which may be conversions, starting in

*(Continued on page 184)*

## LATE NEWSBREAKS

**Collins Foods, Los Angeles, says it will offer $30 million of debentures to finance a hamburger restaurant joint venture with Big Four Restaurants, Phoenix, and Lettuce Entertain You Enterprises of Chicago.**

**Ponderosa's new 30-ft. salad buffet (in 274 stores) is generating the highest weekly volumes in the chain's history, chairman Gerald Office said, but high write-off costs for the buffet contributed to a 74% drop in net profit to $1 million on a 1% revenue rise to $92.8 million for the third quarter.**

**Arby's disclosed limited market tests of topped baked potatoes like those recently introduced by Wendy's, and is rolling out to half its 1,265 company units a croissant breakfast program, including ham and cheese, ham and egg, bacon and egg and mushroom and cheese-filled croissants.**

FINANCIAL NEWS

# BK, S & A Corp. boost Pillsbury earnings

MINNEAPOLIS—Led by the "outstanding performance" of Burger King, Steak & Ale and Bennigan's, parent Pillsbury reported a 36% rise in net profits to $35 million on a 15% sales increase to $929 million in fiscal 1984's first quarter ended Aug. 31 compared to the year-earlier period.

Operating profits at the three restaurant chains were more than 45% ahead of last year and restaurants contributed nearly two-thirds of the company's overall sales increase, according to a company report.

Burger King continued to benefit from its "battle of the burgers" ad campaign during the quarter, posting a 14% rise in average domestic unit sales. For the 12 months ended Aug. 31, Burger King's average unit sales were $870,000.

Burger King opened 83 units in the quarter toward its goal of 300 new units by the end of the fiscal year in May. As of Aug. 31, there were 3,575 Burger King units operating worldwide.

Pillsbury's S & A Restaurant Corp. (Steak & Ale and Bennigan's) reported a 26% sales increase in the first quarter. Average unit sales rose 13% at Steak & Ale but were off 2% at Bennigan's.

The 178-unit Steak & Ale chain has average unit sales of $1.35 million and the 116-unit Bennigan's $2.35 million average unit sales for the 12 months ended Aug. 31.

Pillsbury plans to open 40 new Bennigan's during the current fiscal year but does not expect to expand Steak & Ale.

S & A Restaurant Corp. is testing a "gourmet" burger concept with beer and wine called J. J. Muggs and "if successful, will follow Bennigan's as the next growth vehicle for S & A Restaurant Corp.," according to Win Wallin, Pillsbury president and chief operating officer.

# PepsiCo restaurants' profit rises 29%

PURCHASE, N.Y.—PepsiCo's food-service division reported operating profit increases of 29% for the third quarter, ended Sept. 3, compared to the same period last year. The division includes Pizza Hut and Taco Bell. Revenues increased 18%.

Company-owned Pizza Huts and Taco Bells had average real sales growth of 10% in the quarter, the corporation said.

PepsiCo attributed the gains to the "widening popularity" of Pizza Hut's pan Pizza and new lunch program.

The corporation does not break down the figures for each restaurant concept.

PepsiCo, meanwhile, reported that net profits were down 12% in the quarter, to $95.2 million.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Nov. 18. | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.00 | 5.75 | 5.88 | -.13 | -2.08 | 7.50 | 5.00 | -.25 | -.77 | 1.63 | 7.90 | .05 | .10 N | 500.0 | -8.0 | .3 | 49.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 34.25 | 31.25 | 34.00 | 3.00 | 9.68 | 38.50 | 24.75 | .01 | .11 | -2.61 | -55.77 | 2.52 | .42 F | 20.0 | 53.0 | 8.6 | 13.5 | .25 | .7 | 08-10-83 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 52.00 | 47.00 | 51.75 | 4.50 | 9.52 | 55.00 | 31.25 | .01 | .47 | -.46 | 1.92 | 4.51 | 1.08 F | 31.4 | -3.0 | 1.8 | 11.5 | 2.05 | 4.0 | 11-25-83 | 3056.6 | 53.7 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 16.00 | 14.50 | 15.75 | 1.25 | 8.62 | 18.50 | 4.25 | .10 | -.40 | .92 | -29.20 | .39 | .13 N | 30.9 | -7.0 | 2.2 | 28.6 | .12 | .8 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 4.75 | 4.50 | 4.63 | .00 | .00 | 9.75 | 4.13 | -.20 | -.52 | .38 | 27.55 | .88 | -.28 N | -35.4 | 32.0 | 3.7 | 9.1 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 24.00 | 23.00 | 24.00 | .75 | 3.23 | 26.81 | 18.00 | .02 | .84 | -3.98 | -1.28 | .89 | .04 Q | 4.4 | 23.0 | 7.5 | 25.8 | .26 | 1.1 | 09-19-83 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 1.38 | 1.00 | 1.38 | .25 | 22.22 | 3.69 | 1.00 | -3.94 | 2.58 | -.67 | -3.02 | .06 | 1.11 N | NE | -84.0 | 3.1 | 5.5 | .00 | .0 | 11-02-83 | 16.1 | .5 | 1.6 | 4.85 | .84 | 1282 |
| Brock Hotel Cp | BHC | 6.50 | 5.38 | 6.50 | 1.00 | 18.18 | 11.38 | 5.38 | -.56 | 2.23 | .28 | 13.25 | .55 | -.97 N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.5 | 09-27-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 14.50 | 14.25 | 14.25 | -.25 | -1.72 | 17.25 | 6.66 | .20 | -.74 | -3.54 | 4.11 | .80 | .11 S | 15.0 | 8.0 | 4.6 | 17.0 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crab's | CRAB | 6.88 | 5.50 | 6.38 | -.25 | -3.77 | 8.38 | 2.13 | -.10 | -1.57 | .82 | -30.90 | .00 | .00 F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 9.38 | 8.63 | 8.75 | -.25 | -2.78 | 11.88 | 3.19 | -.46 | -.10 | -1.34 | 4.66 | .50 | .28 F | 127.2 | 69.0 | 3.6 | 17.5 | .06 | .7 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 22.25 | 19.25 | 22.00 | 1.88 | 9.32 | 25.19 | 13.75 | -.34 | 1.92 | 1.95 | -48.62 | 1.39 | .05 N | 3.5 | 15.0 | 4.9 | 15.2 | .40 | 1.8 | 10-18-83 | 382.0 | 18.7 | 1.0 | 6.14 | 8.75 | 1282 |
| Chi-Chi's | CHIC | 25.75 | 23.00 | 25.50 | 2.25 | 9.68 | 29.00 | 11.47 | -.43 | 2.15 | 1.54 | 3.87 | .39 | .23 Q | 104.5 | 69.0 | 9.4 | 56.7 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 14.38 | 11.75 | 13.38 | .00 | .00 | 24.38 | 11.75 | -1.77 | 1.55 | 7.76 | -15.34 | .64 | .23 F | 56.0 | -3.0 | 2.9 | 20.9 | .50 | 3.7 | 07-15-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 32.50 | 26.63 | 29.75 | 2.88 | 10.70 | 33.50 | 21.84 | .77 | -1.41 | 8.40 | -30.96 | 2.19 | -.27 N | -11.8 | 11.0 | 10.1 | 14.8 | .72 | 2.4 | 10-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.00 | 2.75 | 3.00 | .25 | 9.09 | 4.00 | 2.63 | -.67 | 2.42 | -2.27 | 27.36 | .13 | .46 S | NE | 30.0 | 2.1 | 10.3 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 20.13 | 18.50 | 20.00 | 1.38 | 7.38 | 20.13 | 11.69 | .41 | 1.67 | 3.00 | 14.58 | 1.47 | .32 Q | 26.0 | 29.0 | 3.8 | 12.9 | .20 | 1.0 | 09-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 17.88 | 15.25 | 17.88 | 1.63 | 10.00 | 18.75 | 9.00 | -.13 | 2.04 | .58 | -6.93 | .26 | .33 Q | NE | 40.0 | 2.5 | 57.7 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 21.75 | 19.75 | 20.50 | -1.50 | -6.82 | 27.34 | 11.50 | -.62 | .77 | -.63 | -35.40 | .86 | .17 F | 24.6 | 28.0 | 4.4 | 23.8 | .14 | .7 | 08-30-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 38.25 | 34.75 | 37.13 | 1.63 | 4.58 | 38.25 | 27.13 | .30 | -.32 | -1.46 | -20.28 | 2.54 | .13 Q | 5.2 | 13.0 | 3.8 | 14.2 | .72 | 1.9 | 12-06-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Dunkin Donuts | DUNK | 22.88 | 21.75 | 22.38 | -.88 | -3.76 | 28.75 | 16.00 | -.26 | -.75 | 1.38 | -21.84 | 1.40 | .22 N | 16.2 | 25.0 | 9.4 | 14.3 | .28 | 1.3 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frisch's | FRS | 33.75 | 33.13 | 33.63 | -.25 | -.74 | 34.25 | 12.25 | .92 | -.04 | -2.64 | -11.90 | 1.92 | .48 Q | 28.0 | 24.0 | 3.7 | 15.4 | .40 | 1.2 | 09-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfather's Pizza | GFPZ | 18.38 | 16.13 | 18.25 | 1.75 | 10.61 | 25.50 | 14.25 | -.24 | 2.04 | 4.10 | -20.27 | .65 | .06 N | 10.0 | 110.0 | 15.8 | 27.7 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 9.50 | 9.50 | 9.50 | .00 | .00 | 12.00 | 6.00 | -.32 | -.22 | 6.39 | -38.89 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 59.50 | 54.63 | 56.75 | 2.13 | 3.89 | 60.25 | 40.13 | .53 | .00 | -4.92 | 37.37 | 3.04 | .37 N | 10.5 | 12.0 | 14.4 | 14.6 | 1.80 | 3.2 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 54.75 | 47.75 | 53.00 | 4.25 | 8.72 | 59.00 | 31.00 | -.08 | .85 | 2.07 | 5.96 | 2.50 | .71 N | 29.3 | 14.0 | 6.8 | 16.9 | .84 | 1.6 | 09-12-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 24.38 | 22.25 | 24.00 | 1.50 | 6.67 | 32.34 | 13.75 | -.67 | 1.22 | .12 | -7.30 | .74 | .37 S | 62.7 | 83.0 | 2.8 | 25.0 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 8.50 | 7.75 | 7.75 | -.75 | -8.82 | 12.25 | 7.63 | -.39 | .04 | -.03 | -33.03 | .00 | -.78 F | -100.0 | -9.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.88 | 1.94 | -.06 | -3.13 | 2.06 | 1.56 | .32 | -.94 | .19 | -28.72 | .47 | -.10 S | -17.2 | 6.0 | 2.6 | 4.0 | .11 | 5.7 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 37.00 | 35.00 | 35.50 | -1.00 | -2.74 | 40.00 | 20.75 | .13 | -.09 | .67 | -48.41 | 2.17 | .81 N | 39.3 | 64.0 | 6.3 | 12.4 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 18.50 | 16.75 | 18.25 | 1.00 | 5.80 | 23.00 | 4.81 | -.72 | .05 | -.48 | .66 | .92 | .86 Q | 296.5 | 65.0 | 4.8 | 15.9 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 14.00 | 11.63 | 14.00 | 1.25 | 9.80 | 18.13 | 9.88 | -.39 | 2.65 | 5.18 | 3.52 | 1.00 | .07 F | 7.5 | 19.0 | 4.1 | 14.0 | .20 | 1.4 | 08-08-83 | 53.3 | 2.2 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 17.75 | 16.25 | 17.50 | .88 | 5.26 | 23.13 | 16.25 | -.41 | -.51 | 1.66 | -79.23 | 1.33 | -.07 F | -5.0 | 27.0 | 4.6 | 13.2 | .12 | .7 | 11-04-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.88 | 5.50 | 5.75 | -.13 | -2.13 | 10.75 | 3.38 | .26 | -.37 | -1.45 | 76.64 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 14.25 | 12.75 | 14.25 | 1.38 | 10.68 | 18.75 | 11.84 | -.47 | .04 | -3.87 | 9.86 | .40 | .09 Q | 27.2 | 57.0 | 6.3 | 33.9 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 37.00 | 34.75 | 36.25 | .00 | .00 | 43.75 | 15.00 | -.46 | .16 | -4.00 | 15.46 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 23.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 35.38 | 33.75 | 35.00 | .50 | 1.45 | 35.38 | 28.00 | .26 | .45 | -1.46 | -76.41 | 1.53 | .18 F | 13.3 | 31.0 | 9.6 | 22.9 | .60 | 1.7 | 12-12-83 | 144.1 | 13.9 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 14.00 | 13.63 | 14.00 | .38 | 2.75 | 15.13 | 8.50 | -.06 | .35 | -6.47 | -29.65 | 1.28 | .24 Q | 21.0 | 7.0 | 6.1 | 10.1 | .25 | 1.8 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 74.88 | 68.13 | 74.63 | 6.25 | 9.14 | 81.00 | 50.25 | .13 | .30 | 4.04 | -2.44 | 3.44 | .58 N | 17.3 | 36.0 | 3.7 | 19.0 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 74.38 | 69.25 | 73.38 | 4.25 | 6.15 | 74.50 | 53.63 | .52 | .03 | 2.58 | -28.20 | 5.00 | .65 N | 13.3 | 23.0 | 11.1 | 13.3 | 1.00 | 1.4 | 10-25-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 18.88 | 18.00 | 18.88 | .75 | 4.14 | 21.06 | 14.28 | -.30 | .26 | 1.26 | 23.04 | 1.34 | .21 Q | 17.9 | 14.0 | 4.5 | 13.7 | .40 | 2.1 | 10-07-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 8.50 | 8.00 | 8.25 | .00 | .00 | 10.50 | 2.13 | -.43 | .11 | .22 | -25.26 | -.98 | -.17 N | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 3.13 | 3.00 | 3.13 | .13 | 4.17 | 3.63 | 1.19 | -.08 | -.19 | -4.49 | 2.60 | .09 | .02 S | 20.0 | 23.0 | 1.1 | 26.0 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 17.75 | 14.25 | 17.75 | 2.38 | 15.45 | 32.75 | 14.25 | -.16 | 2.77 | 1.36 | 8.20 | .70 | .11 F | 18.6 | 95.0 | 3.6 | 25.4 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | .12 | -.23 | -3.02 | .00 | .69 | -.81 N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 8.00 | 6.88 | 7.25 | .50 | 7.41 | 8.00 | 4.38 | 1.07 | -2.44 | -.11 | -28.65 | .63 | .88 F | NE | -15.0 | 2.5 | 11.5 | .00 | .0 | 02-22-82 | 80.7 | 2.0 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 9.75 | 7.13 | 7.88 | .13 | 1.61 | 15.13 | 5.75 | -.93 | -3.88 | 4.10 | -13.22 | .28 | .10 Q | 47.6 | 106.0 | 7.5 | 25.4 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 14.63 | 14.25 | 14.50 | .25 | 1.75 | 18.13 | 12.75 | .07 | .02 | .29 | 1.93 | .99 | -.49 Q | -35.5 | 3.0 | 3.9 | 16.3 | .60 | 4.1 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 15.75 | 14.38 | 15.63 | 1.13 | 7.76 | 17.50 | 5.34 | .64 | 1.92 | -1.05 | 35.16 | .55 | .70 N | 179.4 | 9.0 | 1.3 | 14.3 | .06 | .4 | 10-28-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 8.88 | 6.50 | 8.88 | 2.38 | 36.54 | 26.00 | 6.38 | -.93 | 6.26 | 2.64 | 4.62 | 1.27 | .29 N | 25.8 | 75.0 | 7.6 | 6.3 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 20.38 | 17.38 | 18.88 | .63 | 3.42 | 25.25 | 15.00 | -.36 | -.91 | 3.04 | 42.04 | 1.50 | .13 S | 9.1 | -3.0 | 2.8 | 12.2 | .33 | 1.7 | 09-21-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.75 | 9.38 | 10.63 | 1.13 | 11.84 | 11.88 | 4.88 | -.06 | 1.26 | -2.17 | -3.78 | -.73 | .15 N | NE | -30.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 8.38 | 7.50 | 8.13 | .75 | 10.17 | 11.38 | 5.38 | .12 | 1.79 | -2.16 | 3.35 | .77 | .12 N | 19.3 | 37.0 | 1.8 | 11.0 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 23.50 | 19.75 | 23.25 | 2.00 | 9.41 | 28.25 | 5.72 | -.60 | 2.22 | -3.57 | -20.74 | .33 | .13 N | 40.6 | 87.0 | 10.6 | 51.7 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 31.50 | 27.25 | 30.63 | 2.00 | 6.99 | 40.25 | 18.63 | -.49 | 2.01 | 1.57 | -30.65 | 2.10 | .49 Q | 28.9 | 73.0 | 2.3 | 14.0 | .36 | 1.2 | 11-14-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 10.75 | 10.50 | 10.75 | .25 | 2.38 | 15.50 | 10.50 | -.84 | .49 | -4.31 | 46.57 | .70 | -.17 Q | -21.5 | 19.0 | 4.5 | 17.3 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 11.63 | 10.38 | 11.63 | 1.13 | 10.71 | 15.00 | 5.50 | .10 | .03 | 4.34 | -23.96 | .02 | -.81 N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 14.25 | 14.00 | 14.25 | -.25 | -1.72 | 17.94 | 9.53 | -.10 | -.21 | 3.10 | -42.94 | .67 | -.40 S | -41.6 | 27.0 | 1.5 | 25.4 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 25.00 | 23.25 | 25.00 | 1.50 | 6.38 | 27.38 | 18.38 | .63 | 1.44 | -3.43 | 12.12 | .86 | .26 N | 35.6 | 26.0 | 5.1 | 25.3 | .15 | .6 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 13.75 | 11.50 | 13.50 | 1.50 | 12.50 | 16.25 | 10.13 | .17 | 2.82 | 4.08 | -4.83 | 1.01 | .29 Q | 36.2 | 18.0 | 4.5 | 12.4 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 11.00 | 9.50 | 11.00 | 1.25 | 12.82 | 15.50 | 4.50 | -.24 | 3.49 | 2.39 | 25.13 | .48 | .45 N | 121.6 | 18.0 | 2.6 | 13.4 | .08 | .7 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 16.50 | 16.50 | 16.50 | .00 | .00 | 22.00 | 16.50 | -1.27 | -.22 | 1.02 | .00 | .37 | -.18 S | -20.9 | -1.0 | .9 | 24.3 | .26 | 1.6 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.75 | 4.63 | 4.75 | .13 | 2.70 | 7.50 | 2.13 | -.23 | .58 | -2.50 | -2.33 | .27 | .09 Q | 42.8 | 104.0 | 3.8 | 15.8 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 10.00 | 9.00 | 9.13 | .13 | 1.39 | 10.00 | 2.88 | 1.73 | -2.01 | 2.98 | 1.53 | .29 | .11 F | 61.1 | 44.0 | 2.0 | 31.5 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 8.75 | 7.13 | 8.50 | 1.50 | 21.43 | 13.63 | 5.63 | .19 | .07 | 6.28 | -9.91 | -2.39 | -2.25 S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 20.88 | 18.25 | 19.88 | .88 | 4.61 | 20.88 | 13.00 | .72 | .08 | 3.82 | -1.33 | 1.13 | .19 N | 17.4 | 22.0 | 7.3 | 15.5 | .32 | 1.6 | 11-03-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 18.88 | 16.00 | 18.75 | 2.63 | 16.28 | 25.00 | 9.13 | -.27 | 1.87 | 2.72 | -13.97 | .16 | 1.44 N | NE | -18.0 | .5 | 31.8 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 12.75 | 11.50 | 11.50 | -1.25 | -9.80 | 17.50 | 8.50 | -.14 | -1.87 | -4.50 | 19.80 | .92 | -.13 S | -11.8 | 6.0 | 3.1 | 11.9 | .16 | 1.4 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 13.63 | 12.25 | 13.13 | .63 | 5.00 | 17.13 | 10.03 | .14 | -.02 | 1.72 | -28.87 | .63 | -.03 N | -4.7 | 11.0 | 2.6 | 21.9 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Walt Disney profit drops 13% in quarter

BURBANK, Calif.—Walt Disney Productions has reported that net income in the fourth quarter, ended Sept. 30, fell 12.8% from $28 million to $24.5 million.

Net income for the fiscal year was also down; 6.9% from $100 million to $93 million.

Revenues, however, were up for the quarter and the year. An increase of 23% from $295 million to $363 million was reported for the fourth quarter and revenues for the year climbed 27% from $1 billion to $1.3 billion.

While "the continuing excellent public response to Disney's Epcot Center in Orlando, Fla.," was the reason for the revenue increase, according to president Ron Miller, Epcot was also the reason why Disney's stock price dropped a dramatic 25% when fourth-quarter financial reports were filed. Due to cost overruns the total bill for constructing Epcot will come to $1.2 billion as compared to the $600 million originally planned.

The 100% cost increase shook industry observers who were already anticipating a loss associated with Disney's six-month-old cable channel and failing motion picture department. "Something Wicked This Way Comes," a 1983 release, was responsible for a $21 million writedown, while the cable channel totaled $28.3 million in losses for the year.

# Denny's net profit up 14%

LA MIRADA, Calif.—Denny's Inc. has scored a 14% increase in net profit to $13.8 million for the first quarter ended Sept. 30, compared to last year's first quarter, on a 19% gain in revenues to $320.3 million. Gains in operating profit for the quarter of 21% to $32.2 million were trimmed back to the reported net by increases in net interest expense and a change in cost allocation, according to Denny's president Vern O. Curtis.

The first quarter was 14 weeks in length, compared to 13 weeks for the same period last year.

Curtis reported that operating profit of Denny's restaurant division was up 24% over last year's first quarter on a revenue increase of 22%. Average quarterly sales of company operated domestic restaurants were $276,000 vs. $246,000 a year ago—a 5% increase, excluding the impact of the extra week in the most recent reporting period.

Curtis indicated that 40% of the average-unit sales increase came from higher customer traffic.

Average Winchell's Donut House sales during the quarter were $53,700—a 5% gain over the prior year, discounting the effect of the longer first quarter in fiscal 1984. The Winchell's gains resulted from higher menu prices, although increased customer counts in about 50 units offering a new line of deli sandwiches were reported.

On October 10 Denny's completed the $12-million purchase of the 19-unit El Pollo Loco chicken chain in Los Angeles. Donald L. Pierce, former vice president of finance for Denny's restaurant division, has been named president of the El Pollo Loco division.

Curtis has indicated that Denny's will be moving rapidly to expand the Mexican-style char-grilled chicken chain in southern California, in an effort to solidify its market dominance, and to preclude Pollo Loco's 300-odd cloned competitors in the Los Angeles area from saturating the local "pollo" marketplace.

Curtis has determined that Denny's will develop only company operated Pollo Loco units in most markets, including all of southern California. However, he said, the company has left the door open for "the right franchisee with enough capital who is willing to take direction" to open chicken outlets "in some other markets."

# Merger cuts Godfather's profit

OMAHA—Third-quarter net profits at Godfather's Pizza dropped 28% to $1.64 million, compared to last year's third quarter, while revenues increased 16% to $31.2 million.

For the 39-week period ended Oct. 2, net profits were up 14% to $6.5 million, while revenues rose 34% to $87 million.

Figures for the first three quarters were restated because of the acquisition of a franchisee, Pizza Ventures, on Sept. 2.

Godfather's said the decrease in profits was due to expenses totaling $1.99 million related to the Pizza Ventures merger.

Meanwhile Godfather's said it signed a definitive agreement on Oct. 20 for the acquisition by Chart House Inc.

The structure of the deal was revised from the original agreement in principle signed Sept. 12. Under the new agreement signed by the boards of both companies, Godfather's will exchange 1.17 shares of its common stock for each of more than 15 million outstanding shares of Chart House stock.

With this new agreement William Theisen, founder of Godfather's, becomes vice chairman of Chart House. William Trotter remains chairman and Donald N. Smith is president and chief executive officer. The board of the new company will be made up of all Chart House board members plus three members of the Godfather's board.

Godfather's operates 198 pizza restaurants and franchises 615 others.

# Hardee's operating profit jumps 36% in 2nd quarter

MONTREAL—The Hardee's fast-food chain posted a 36% gain in operating profits to $30 million (Canadian) for the second quarter ended Sept. 30 compared to the year-ago period, its Montreal-based parent company, Imasco Ltd., reported.

Hardee's Food Systems of Rocky Mount, N.C., which is organized as a holding company called Imasco U.S.A., posted revenues of $301.5 million (Canadian) in the second quarter, up 11% over the same time last year.

For the six months, Hardee's operating profit increased 25% to $53.6 million (Canadian) on a 11% revenue rise to $572.5 million (Canadian).

## Int'l Dairy Queen net rises 13%

MINNEAPOLIS—International Dairy Queen achieved a third-quarter net profit rise of 13% to $3.39 million, compared to the same period last year. Revenues for the quarter, ended Aug. 26, were up 16% to $37.7 million.

For the nine months, profit jumped 17% to $6.2 million, while revenues also rose 17%, to $93.2 million.

IDQ licenses more than 4,700 Dairy Queen units in the United States and several foreign countries. It also operates more than 100 Golden Skillet restaurants.

# Jerrico's earnings increase 8% in 1st qtr.

LEXINGTON, Ky.—Jerrico's net profit rose 3% to $5.9 million on revenues that increased 8% to $125.6 million for the first quarter ended Sept. 30, the operator of Long John Silver's Seafood Shoppes said.

Average quarterly sales for company-operated stores were $116,600, compared to $116,300 for the prior year.

Average quarterly pretax earnings per unit dropped, however, to $20,000 from the prior year's $20,700, Jerrico said, and real sales were down 2.1% if average price increases of 2.4% are taken into account.

As of Sept. 30, there were 1,331 Long John Silver's, of which 796 were company-operated.

# JB's closes 'best year' with net increase of 35%

SALT LAKE CITY—JB's Restaurants, a Big Boy operator, said net profits for the fiscal year ended Sept. 25 were $2.18 million, a 35% increase over last year.

Revenues for the year increased 18.1% to $53.4 million.

For the fourth quarter net profit was $700,000, a 17% increase over the same period last year, while revenues rose 13% to $12.09 million.

Stating that this was JB's best year in its 22-year history, president Clark D. Jones attributed it to a remodeling program and breakfast sales.

Remodeled units averaged more than 50% increases in sales, he said. At the end of the year 28 units had all-you-can-eat breakfast and fruit bars. Jones said these would be in all stores by next spring.

JB's operated 74 restaurants in eight Western states at year's-end. Most are called JB's Big Boy Restaurants.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Denny's | 3 mos. | 9/30 | | | $320.3 | 19.0 | $13.800 | 14.0 |
| Godfather's Pizza | 3 mos. | 10/2 | | | 31.2 | 16.0 | 1.640 | – 28.0 |
| | 9 mos. | | | | 87.0 | 34.0 | 6.500 | 14.0 |
| I.D.Q | 3 mos. | 8/26 | | | 37.7 | 16.0 | 3.390 | 13.0 |
| | 9 mos. | | | | 93.2 | 17.0 | 6.200 | 17.0 |
| JB's Restaurants | 3 mos. | 9/25 | | | 12.1 | 13.0 | 0.700 | 17.0 |
| | 12 mos. | | | | 53.4 | 18.0 | 2.180 | 35.0 |
| Jerrico's | 3 mos. | 9/30 | | | 125.6 | 8.0 | 5.900 | 3.0 |
| Nathan's Famous | 3 mos. | 9/25 | | | 6.0 | 9.0 | 0.611 | 11.0 |
| | 6 mos. | | | | 11.0 | 10.0 | 0.908 | 13.0 |
| Pancho's Mex. Buffet | 3 mos. | 9/30 | | | .7.3 | 18.0 | 0.440 | 13.0 |
| | 12 mos. | | | | 25.3 | 4.5 | 1.16 | 41.0 |
| People's | 3 mos. | 9/26 | | | 11.9 | — | 0.718 | — |
| | 12 mos. | | $ 27.3 | 368.0 | | | 1.800 | 132.0 |
| Piccadilly | 3 mos. | | 40.8 | 8.0 | | | 1.400 | – 30.0 |
| Pillsbury | 3 mos. | 8/31 | 929.0 | 15.0 | | | 35.000 | 36.0 |
| Taco Viva | 3 mos. | 8/31 | | | 5.1 | 50.0 | 0.235 | 11.0 |
| PepsiCo. | 3 mos. | 9/3 | 2 Bil. | 5.2 | | | 95.200 | – 12.0 |
| Walt Disney Productions | 3 mos. | 9/30 | | | 363.0 | 23.0 | 24.500 | – 12.8 |
| | 12 mos. | | | | 1.3 Bil. | 27.0 | 93.000 | – 6.9 |

Source: *Company earnings reports*

*—loss in corresponding period*

**In millions*

*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Piccadilly suffers net decrease

BATON ROUGE, La.—Higher costs and new-unit opening expenses pushed Piccadilly Inc. net profits down 30% to $1.4 million for the first quarter ended Sept. 30, compared to the year-ago quarter.

Sales rose 8% to $40.8 million year-to-year in the first quarter.

Modest customer-count gains were offset, the company said, by higher shop-level operating costs. In addition, two new cafeterias opened and it will be two to three months before they become profitable, the company said.

Piccadilly, which operates 87 Sunbelt cafeterias, said the new units were opened in Amarillo, Tex., and New Orleans. Six more are due this fiscal year.

## USACafes posts $454,000 earnings

DALLAS—USACafes, the new franchisor of Bonanza restaurants, has reported net earnings of $454,000 on total revenues of $3.6 million for the third quarter ended Sept. 25. Profits were $419,000 on total revenues of $3 million during the same period last year.

USACafes, incorporated in August as a wholly-owned subsidiary of Bonanza International Inc., was spun-off as a publicly held company on Oct. 31, at a meeting of Bonanza stockholders. USACafes was established to acquire Bonanza's United States restaurant business and to develop and franchise additional restaurant chains. USACafes became a separate public company through distribution of approximately 4.7 million shares.

Bonanza's 535 franchised restaurants grossed chainwide sales of $98.7 million for the third quarter, vs. $91.5 million for the comparable 1982 period. Year-to-date sales are $280.7 million compared to $265 million a year ago.

Nation's
# Restaurant News

*The Newspaper of the Food Service Industry*

Vol. 18, No. 1

Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year

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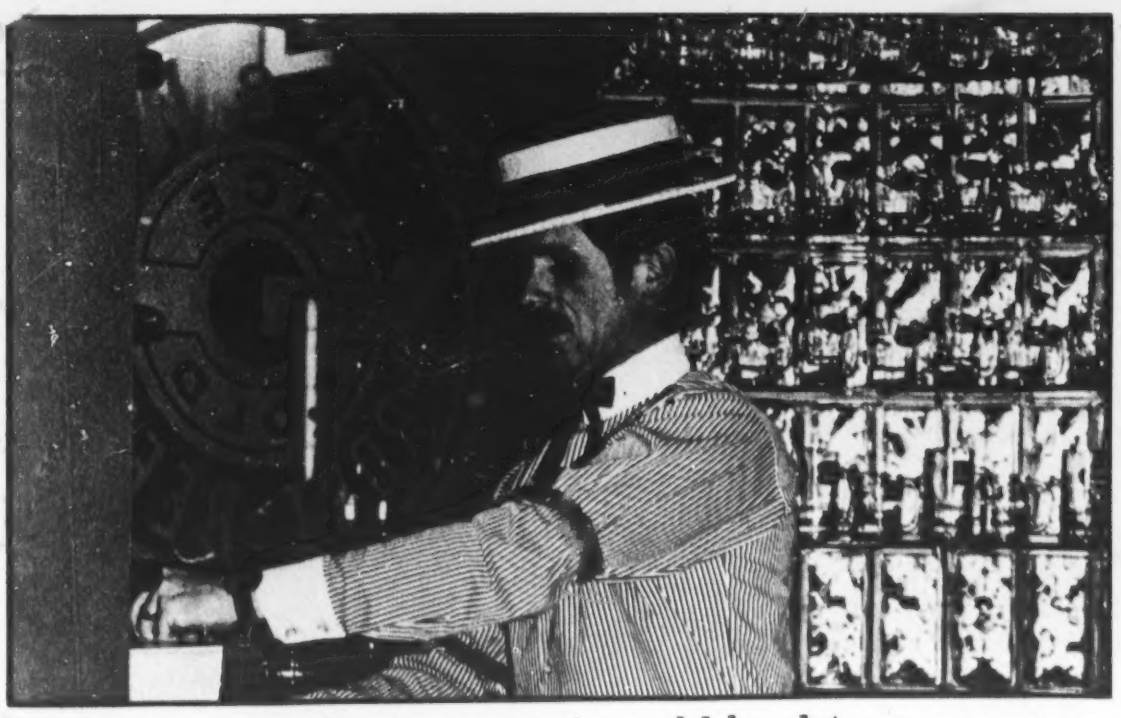
# HOTTEST COMPANIES FO

- QUALITY C
- PROFIT LEA
- STOCK MA

**Pillsbury's Häagen Dazs and Marriott's Roy Rogers chains are considered quality leaders.**

**Leader in the Mexican dinnerhouse segment, Chi-Chi's is undisputed darling of Wall Street.**

**Wendy's plans rock 'em-sock 'e ambitious new product push just**



**A new owner and new concept could lead to resurgence at A & W.**

**With its 200th unit just opened Horn & Hardart's Bojangles**

FORECAST '84

***Will late '83 rebound continue?—Pp. 61-75***


Nation's

# Restaurant News®

*The Newspaper of the Food Service Industry*

Vol. 18, No. 1 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | January 2, 1984

**All Woolworth Burger King units will offer direct access from the store as well as street entrances.**

## *Woolworth unveils 1st in-store BK unit*

**By Roman Czajkowsky**

NEW YORK—In a far cry from its old-fashioned but still ubiquitous lunchcounters, Woolworth last month opened its first breezily efficient Burger King restaurant.

It is the first of dozens more to come at Woolworths across the country, though many will be initially built in the New York Metro Area.

Like the just-opened unit in downtown Manhattan, a stone's throw from the recently rejuvenated South Street Seaport, all future Woolworth Burger Kings will be located adjacent to the department stores, though they'll offer direct access to them in addition to having a separate street entrance.

Unlike the department stores, the Burger Kings will be open

*(Continued on page 130)*

# Asset management: Thrust of operators' 1984 strategies

**By Charles Bernstein**

Food-service operators are primed to focus intense 1984 efforts on managing their assets for maximum utilization.

This is likely to mean an even bigger spurt of diversified concepts and spinoffs to widen market share and give the flexibility to shift from one concept to another whenever necessary for a higher investment return. It also should mean accelerated efforts to attain better results on existing units through more new product introductions, remodelings, acquisitions of other chains or units to convert the sites, and selective closings of those units not living up to their potential.

After three years of recession and flat growth, a boom cycle appears in the offing—at least for those operators that can show the ingenuity to maximize their return on assets to offset still-high costs.

The most dramatic trend in this direction is the rapid surge of concept spinoffs that are themselves generating expansion cash and new opportunities. These spinoffs permit the parent company to still control a minority or even majority interest in the new public company created, enable the spinoff chain to establish a separate identity and immediately pay off loans it received from the parent, and often provide expansion capital to everyone involved, through a public offering.

High interest rates and a hot stock market have spurred many of these deals although some feel that if and when the bubble bursts, the spun off chains may be extremely vulnerable.

In the latest such deals, W. R. Grace plans to sell up to 46% of its El Torito Mexican restaurants subsidiary in a stock offering that could be worth $90 million; Trans World Corp. is poised to spin off TWA as a separate entity so it can concentrate on the more profitable Hilton International, Canteen Corp. and Spartan Food operations; Chart House is completing final details of its merger with Godfather's Pizza, and Carlson Companies is spinning off 40% of TGI Friday's in an almost $100 million offering.

*(Continued on page 64)*

**GRACE'S NEW "FAST FOOD"—William Palmer (left), founder and president of T. J. Applebee's, with Lou Neeb, president of W. R. Grace's fast-food division, at opening of latest Applebee's "adult fast food" diversified unit in Atlanta. (Full story, next issue.)**

# Vicorp acquires 72 dinnerhouses from Ralston-Purina/Foodmaker

DENVER—Vicorp Restaurants is acquiring Continental Restaurant Systems from Foodmaker Inc. for about $60 million, giving Vicorp 72 high-volume dinnerhouses and nearly doubling its annual sales to more than $290 million.

The acquisition, scheduled to be finalized this month, would make Vicorp one of the top 50 food-service chains based on annual sales. It would also complete Vicorp's transformation from a quiet operator of family restaurants into a diversified, growth-oriented company.

By selling its dinnerhouses, San Diego-based Foodmaker will be able to concentrate on its core business, the Jack-in-the-Box fast-food chain. Foodmaker is a wholly owned unit of Ralston-Purina.

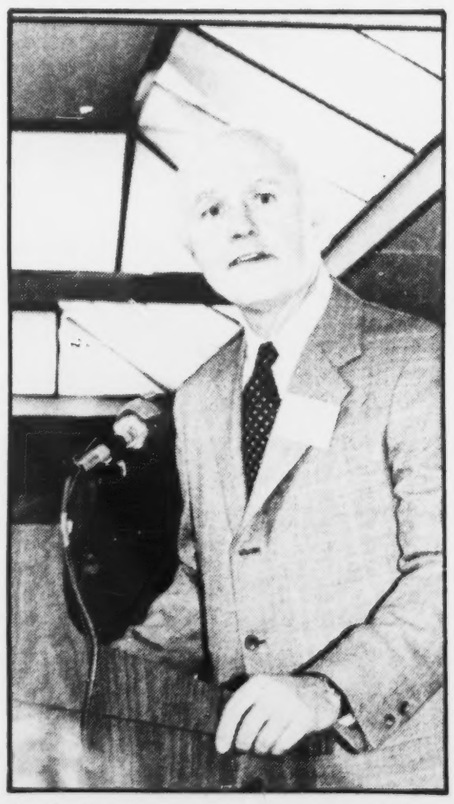
For years, Vicorp has operated and franchised the Village Inn Pancake House chain, which has about 200 units. Since it went public about two years ago, Vicorp has been developing three casual theme restaurant concepts. Last May, it acquired 60 Poppin Fresh coffee shops from Pillsbury.

With the acquisition of Continental, Vicorp would get a stable of specialty restaurants with various names, themes and menus, the most attractive of which is the 14-unit Carlos Murphy's, a casual theme dinnerhouse chain specializing in Mexican-style food.

Average unit sales at Carlos Murphy's were $2.6 million last year. Other Continental dinnerhouses, with names such as Hungry Hunter, Stag and Hound, Mountain Jack, Dry Dock, J. Ross Browner, Monterey Whaling Company, and London Opera House, posted average sales of $1.8 million in 1983.

*(Continued on page 130)*

## *Arby's commits $3.5M to butter up croissant rollout*



**Arby's president Jeff McMahon unveiled the croissant breakfast program at a conference in New York recently.**

**By Charles Forman**

NEW YORK—Arby's executives last month unveiled the mechanics of a croissant breakfast rollout on which they will spend $3.5 million and which is expected to pit them head-to-head with a similar croissant breakfast rollout by Burger King.

At stake is a growing market for breakfast away from home. The vision of a significant share of this market—and entry into a new day-part—has been increasingly attractive to chains driven by a need to boost unit volumes.

As Atlanta-based Arby's officials appeared here at a Horn & Hardart West 46th Street franchise unit, Arby's president Jefferson McMahon estimated the fast-food-sandwich breakfast business available at between $700 million and $1 billion. He predicted Arby's would do between $35 million and $50 million in systemwide breakfast sales this year.

Arby's croissant breakfast lineup consists of a croissant with butter and jam (79¢ at company stores); ham and egg, bacon and egg, sausage and egg, mushroom and cheese, and ham and cheese croissants (all $1.49); a continental breakfast of croissant with butter or jam, fresh squeezed orange juice and regular or decaffeinated coffee ($1.69).

By midmonth the program

*(Continued on page 130)*

## LATE NEWSBREAKS

**A group led by food processor Castle & Cooke was still in the running at presstime, along with investment house Forstmann Little & Co., in a bidding war to acquire Dr. Pepper. But the Castle & Cooke group stood to lose $550 in bank financing if a review of Dr. Pepper by lenders turned up anything "negative." Earlier story page 111.**

**Ma Maison restaurant owner Patrick Terrail plans a 250-room luxury hotel to open in 1986 opposite Beverly Center in Los Angeles. The restaurant, which just celebrated its 10th anniversary, will relocate from Melrose Avenue to the hotel.**

**Swensen's, the 340-unit, Phoenix-based ice cream chain, has realigned top management, bringing in Robert Puccio from Tex Critters' as senior operations vice president and shifting Patrick Doughty from group operations vp to senior finance and development vp. E. Christian Schoenleb continues as president and ceo.**

# Federal court names trustee to head Sambo's

**By Richard Martin**

LOS ANGELES—Amid a flurry of speculation that a crippling cash famine may mean liquidation, chairman Robert Luckey's 22-month regime at Sambo's Restaurants Inc. has been forced to surrender control of the floundering company to Chapter 11 trustee Charles J. McLaughlin.

Luckey, president Roger Kisiel, marketing senior vice president Ronald Artzer and other Sambo's executives have been considering possible positions with other companies should Sambo's go under.

The move was ordered by a Federal bankruptcy judge after collapse of negotiations for a crucial $12 million "bridge" loan package.

McLaughlin, who has spearheaded Sambo's property disposition efforts as a court-appointed consultant for approximately six months, was seeking means to forestall liquidation and keep the cash-barren company afloat at presstime.

Although he had the authority to oust chairman and ceo Luckey and other executives from the company's Carpinteria, Calif., headquarters, McLaughlin had not done so at presstime, and may have been retaining them for transitional assistance.

Sambo's board installed Luckey at the helm in February 1982, replacing the deposed Daniel Shaughnessey. Four months earlier, the company had been forced to file for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

An irreconcilable dispute between potential lenders and Sambo's creditors committee over terms of the $12 million loan precipitated the appointment of McLaughlin as trustee. Sambo's sought the "bridge" financing to fund restaurant operations until a Jan. 27 hearing on its proposed reorganization plan, which would require an additional $45 million to implement.

The future of the plan under McLaughlin's trusteeship is uncertain; neither he, Luckey, nor any other Sambo's executive would comment on any new survival strategy.

Attorney David Rogers of Los Angeles-based Latham & Watkins, attorneys for the trustee, said, "We have not determined there will be a liquidation, and we are working to avoid that."

U.S. Bankruptcy Trustee James E. Eichstaedt, who appointed the Sambo's trustee on the recommendations of its creditors committee and the orders of Judge Calvin Ashland,

*(Continued on page 130)*

# Chain leaders target strategies toward 'baby-boom' generation

**By Joe Edwards**

BALTIMORE—It was so repititious—all that talk about quality and "upscaling" and developing new menu items for the jogging generation—that by the time Wendy's president Ronald Fay had his say about pursuing a "target market" of adults, the audience erupted in laughter.

"And I thought that was our secret," blushed Fay as he looked sheepishly at the amused analysts and well-tailored investors and moneylenders attending last month's Alex. Brown Restaurant/Lodging Seminar at the Hyatt Regency Baltimore.

It was obvious all of them had studied the same demographic reports and concluded that their customers-of-choice for 1984 and beyond are the college-educated, weight-watching, upwardly mobile, fast food-weaned, health-conscious adults who were born in the boom years following World War II.

Just about every executive in attendance could quote figures showing that by 1988 more than half the American population will be 25 years of age and older and that the numbers of working women and single-member households are steadily growing.

The smorgasbord of chain restaurant propaganda they served up at the seminar centered on their immediate plans to build traffic by courting these New Adult Consumers. They plan to do so by offering a dizzying array of new menu items; redecorating their restaurants to improve ambience; and stepping up advertising.

Many chains this year will also pursue increased business in additional "day parts"—fast feeders testing late-night hours and rolling out dinner entrees; coffee shops trying dinner buffets.

New units will be clustered in specific markets to take advantage of economies of scale in purchasing and advertising. And there is intense interest in finding sites in California, Texas and Florida, which will be the three most populated states by the year 2000.

When Wendy's Fay drew laughter from the audience, it wasn't because what he was saying was funny but rather so that many other executives were saying virtually the same thing. This led Fay to observe that "most young and middle-aged adults will be well taken care of, and we thought we had a lock on that market."

Many of the executives making presentations shared the same observations: adults want more than traditional fast feeders are offering. They demand fresher, lighter and tastier foods from all restaurants. They want quality, value and convenience. They crave more complete dining-out experiences.

*(Continued on page 13)*

# Holiday Inns buys Hometel, launches budget hotels

**By Rick Telberg**

MEMPHIS—Holiday Inns has disclosed an acquisition agreement which would make it the biggest all-suite hotel operator in the nation and has pulled the wraps off its long-awaited budget-priced hotel project.

Together the two initiatives could determine Holiday Inns' growth pattern for years to come. Its 1,750 hotels already account for 15% of the nation's lodging market.

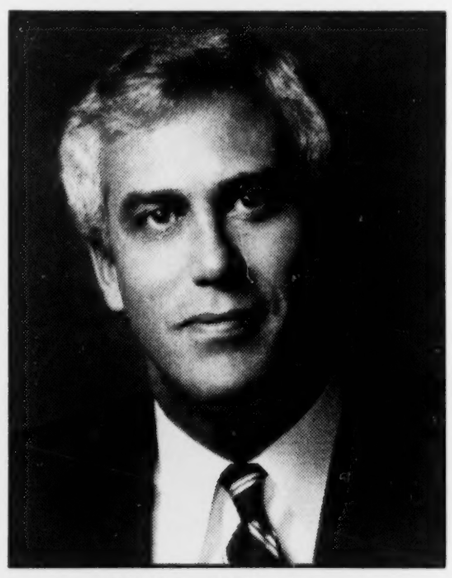
The successful development of all-suite and low-priced chains would give the company entries in almost every lodging category.

Holiday Inns already operates Harrah's casinos in the nation's four gaming markets, launched a luxury-end project dubbed Crowne Plaza, is moving to give its resorts a separate identity, and apparently turned around its Perkins family restaurant chain.

"Significant changes are occurring in the lodging industry," said Michael D. Rose, Holiday Inns chairman and chief executive. "And we are moving quickly to capitalize on new opportunities."

The first bombshell came when Holiday Inns said it had reached a definitive agreement to acquire the 21-property Granada Royale Hometel all-suite hotel chain for $111 million in cash and notes.

The deal was a surprise because only months before Holiday Inns had established its own Embassy Suites division to develop 50 suite hotels over the next five years. The first Embassy Suite was due to open shortly near Kansas City.



**Michael D. Rose**
*chairman, ceo*

Granada Royale Hometels, until now based in Phoenix, will be operated through Embassy Suites. But Holiday Inns executives said it was too early to tell whether the two lines would be marketed under a single brand name.

In the other initiative, Holiday Inns christened its yet-unborn budget-priced hotel chain Hampton Inn hotels. Franchisees and insiders, who had all the details of the chain except the name, had taken to calling

*(Continued on page 129)*

## *Chili's goes public; 44% offering*

DALLAS—Chili's has filed a plan with the Securities & Exchange Commission to sell one million shares or about 44% of its stock to the public at $17 a share.

Proceeds from the proposed stock sale would be used to finance the opening of a dozen or so company-operated restaurants this year and to pay off at least part of its $6 million bank debt.

If the sale is approved, Chili's officers and directors would hold 56% of the stock with the largest block, 1.17 million shares or 27% of the total, controlled by Norman Brinker, who took over in June as chairman and chief executive.

The long-awaited initial public stock offering by the highly touted upscale "gourmet" burger chain culminates a frenetic six months of executive headhunts and hirings, long-range strategy sessions and the development of new marketing, franchising and expansion programs.

With the infusion of capital from the stock sale, Chili's can be expected to remain in the forefront of the emerging "gourmet" burger segment. Many industry officials consider Chili's, and upscale burger chains in general, one of the hottest concepts in food service.

One reason for all the enthusiasm is the positioning of these restaurants in a new adult-oriented segment somewhere between fast food and casual theme dinnerhouses.

Upscale burger restaurants, according to operators, appeal to adults who grew up on fast food but now demand better quality food, alcoholic beverages, table service, ambience and in general a more complete dining experience.

*(Continued on page 129)*

## *Marriott seeks unified Big Boys*

**By Charles Forman**

GLENDALE, Calif.—Marriott Corp. intends to take a bigger role in future development of the loosely knit, 1,200-unit Big Boy family restaurant organization, according to Big Boy franchising vice president Roy Raskin.

As a first step the company, through its Big Boy Restaurants of America division here, will provide more marketing direction, more menu trend research, and is cooperatively developing a new building design for its 20 territorial franchisees, who operate 980 Big Boy restaurants.

Big Boy Restaurants of America operates 154 Bob's Big Boy units on the West Coast. Marriott's remaining company restaurants are in the Washington D.C. area.

Unit expansion has been slow for several years, but now Marriott sees much greater potential in the family restaurant market than it has in the recent past, Raskin said.

"That segment has become very strong—and competition has decreased," Raskin said in an interview.

He said the hiatus in rapid unit growth while interest rates were high had given the system's operators a chance to

*(Continued on page 130)*

## *New acting director named at MSU*

EAST LANSING, Mich.—John P. Henderson, a Michigan State University economics professor and faculty member for 25 years, has been named acting director of the university's Hotel, Restaurant and Institutional Management School through at least May.

This action follows the October ousting of Donald I. Smith as the HRI school's director and his controversial demotion to "a tenured professor in the school." A bitter controversy over Smith's ouster continues to rage on the campus.

(See Viewpoints, page 10.)

## HIGHLIGHTS IN THIS ISSUE

**10** The recent decision by a New York jury awarding damages to a restaurateur in a libel case prompted by a negative review holds serious implications for both the food-service industry and the press, writes *NRN* editor Charles Bernstein.

**20** Even in the heart of wine country, monthly wine tasting can still be very successful, writes *NRN* Wine & Spirits columnist Mort Hochstein.

**30** Church's chairman and chief executive J. David Bamberger has mounted a campaign to dispel reports his chain is a takeover target.

**32** For the first time, all nine Atlantic City casino-hotels are operating in the black.

**39** Stouffer's added five new hotel properties to its 21-unit chain in '83 and will break ground for two more in the coming months.

**42** Beginning this month, a new column on employee motivation by management consultant Carl Jacobs focuses on developing a good incentive plan.

**46** Bonanza has launched a remodeling program to "lighten and brighten" its image

**78** New York-area restaurants offered a helping hand this holiday season to the city's homebound elderly as part of the three-year-old City-meals-on-Wheels program.

### REGULAR FEATURES

Financial..... 8, 9
Opinion..... 10
Inside Purchasing..... 22
Inside Promotions..... 57
Calendar '84..... 90-91
Promotions..... 100
Distributor News..... 107
People..... 109
Manufacturer News.... 111
New Products..... 112
Classified..... 113-128

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Procter & Gamble regional insert, pages 35-38.

Colombian Coffee regional card, pages 83 & 84.

Vol. 18, No. 1 January 2, 1984

*FINANCIAL NEWS*

# Pizza Inn posts 177% jump in 3rd-quarter net profits

DALLAS—Third-quarter net profits at Pizza Inn jumped 177% over last year, to $943,000. Revenues were up 6.7% to $39 million for the period ended Sept. 25.

For nine months net profits rose 137% to $2.89 million, while sales went up 5.5% to $111.4 million.

F. J. Spillman, chairman and president, said one reason for the gains was that existing stores were registering sales increases of 10%. A "few isolated stores costly to manage" have been closed, he added.

Increases in store sales were largely due to the roll-out to all units of pan pizza, which now accounts for about 40% of restaurant sales.

Analysts predict that Pizza Inn's profit picture will continue to be rosy as it tilts in favor of high-margin franchising. Spillman said that of a projected 100 new units next year, 75 would be franchised.

Meanwhile, the company says that its other operating divisions are also showing "gratifying" results. These are the Quality Sausage Co., manufacturer of pizza toppings, and J. T. McCord's, a new and growing chain that specializes in gourmet hamburgers, chili and other Mexican-style foods.

The first franchised McCord's recently opened in Lubbock, Tex. The franchisee, Positive Management Solutions Inc., plans to open two more by the end of the year, said Spillman. Pizza Inn is currently operating two McCord's and has four others under construction, he added.

Pizza Inn's other area of expansion is overseas pizza restaurants. Early this year it signed a licensing agreement with Alkazemi Food Co. for the development of 20 Pizza Inns in Kuwait, Saudi Arabia, Bahrain, Qatar and the United Arab Emirates. Two units have been opened so far.

## ARA's '83 revenues top $3 billion mark

PHILADELPHIA—ARA Services has broken the $3 billion mark with total revenues for fiscal year 1983 totaling $3.1 million.

Net income for the fourth quarter ended Sept. 30 was up 167% from $4 million in 1982 to $10.7 million this year. Revenues for the quarter increased 9%, rising from $714 million to $776 million.

For the year ended the same date, ARA's net income increased 38% from $38.9 million in 1982 to $53.7 million for 1983. Revenues for the year rose 9%, from $2.8 billion to $3.1 billion.

Chief executive Joseph Neubauer called the results "particularly satisfying . . . since all five operating segments contributed significantly to the overall operating results."

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Dec. 16 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.00 | 5.88 | 6.00 | .00 | .00 | 7.50 | 5.00 | .02 | .90 | -2.21 | -3.43 | .05 | .10 N | 500.0 | -8.0 | .3 | 50.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 34.63 | 31.50 | 32.25 | -1.75 | -5.15 | 38.50 | 25.88 | .02 | -.34 | 4.99 | 10.38 | 2.52 | .49 Q | 22.0 | 45.0 | 8.6 | 11.9 | .25 | .8 | 08-10-83 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 54.75 | 49.50 | 50.75 | -3.25 | -6.02 | 55.25 | 33.75 | .25 | .28 | 3.16 | -22.89 | 4.51 | 1.08 F | 31.4 | -3.0 | 1.8 | 11.3 | 2.05 | 4.0 | 11-25-83 | 3056.6 | 53.7 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 14.25 | 12.75 | 12.75 | -2.00 | -13.56 | 18.50 | 5.09 | -.55 | -1.33 | -.26 | 2.55 | .72 | .34 F | 89.4 | -5.0 | 3.6 | 17.7 | .12 | .9 | 12-12-83 | 88.3 | 3.2 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 4.63 | 4.00 | 4.38 | -.13 | -2.78 | 9.75 | 4.00 | -.17 | -1.12 | 1.47 | -5.80 | .88 | -.28 N | -35.4 | 32.0 | 3.7 | 8.6 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 23.25 | 20.75 | 21.25 | -2.25 | -9.57 | 26.81 | 19.41 | -.26 | -1.41 | 6.00 | 7.42 | .89 | .12 S | 14.1 | 23.0 | 7.5 | 21.9 | .26 | 1.2 | 09-19-83 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 1.38 | 1.25 | 1.25 | -.13 | -9.09 | 3.69 | 1.00 | .50 | -.24 | -3.62 | -11.79 | .06 | 1.11 N | NE | -84.0 | 3.1 | 5.0 | .00 | .0 | 11-02-83 | 16.1 | .5 | 1.6 | 4.85 | .84 | 1282 |
| Brock Hotel Cp | BHC | 7.63 | 6.63 | 6.63 | -.50 | -7.02 | 11.25 | 5.38 | .78 | -.74 | -1.01 | -19.45 | .55 | -.97 N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.5 | 09-27-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 10.00 | 9.25 | 9.25 | -.50 | -5.13 | 11.50 | 6.84 | -.03 | -.77 | -.72 | 30.62 | .53 | .06 S | 12.2 | 7.0 | 4.6 | 16.8 | .16 | 1.7 | 11-22-83 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 5.75 | 3.50 | 3.63 | -2.25 | -38.30 | 8.38 | 2.50 | -1.78 | -2.86 | .72 | 1.53 | .00 | .00 F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 10.88 | 9.75 | 10.63 | .75 | 7.59 | 11.88 | 3.44 | .75 | 1.25 | 3.70 | -30.32 | .50 | .28 F | 127.2 | 69.0 | 3.6 | 21.3 | .06 | .6 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 20.50 | 18.63 | 19.00 | -1.75 | -8.43 | 25.19 | 13.75 | -.27 | -.23 | -2.24 | -15.83 | 1.39 | .05 N | 3.5 | 15.0 | 4.9 | 13.1 | .40 | 2.1 | 10-18-83 | 382.0 | 18.7 | 1.0 | 6.14 | 8.75 | 1282 |
| Chi-Chi's | CHIC | 23.13 | 21.13 | 21.63 | -2.00 | -8.47 | 29.00 | 13.94 | -.48 | -.20 | 2.38 | 34.75 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 40.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 12.88 | 11.13 | 12.38 | -.50 | -3.88 | 24.38 | 11.13 | -.44 | 1.52 | -5.20 | 15.76 | .64 | .14 Q | 29.7 | -2.0 | 2.9 | 20.3 | .50 | 4.0 | 12-09-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 29.50 | 23.13 | 23.63 | -5.38 | -18.53 | 33.50 | 21.84 | -.60 | -.44 | -6.48 | -45.46 | 2.19 | -.27 N | -11.8 | 11.0 | 10.1 | 11.8 | .72 | 3.0 | 10-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.13 | 2.88 | 2.88 | -.25 | -8.00 | 4.00 | 2.63 | .26 | -.75 | .56 | 3.13 | .13 | .46 S | NE | 30.0 | 2.1 | 9.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.63 | 18.50 | 19.63 | .63 | 3.29 | 21.63 | 11.69 | .06 | .76 | -.34 | -28.91 | 1.47 | .30 S | 22.5 | 28.0 | 3.8 | 12.0 | .20 | 1.0 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 14.25 | 12.88 | 13.25 | -1.25 | -8.62 | 18.75 | 10.75 | -.92 | -1.42 | 3.29 | 37.32 | .26 | .33 Q | NE | 40.0 | 2.5 | 42.7 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.75 | 19.50 | 19.50 | -1.50 | -7.14 | 27.34 | 12.50 | -.16 | -1.34 | -1.81 | 2.76 | .86 | .09 Q | 12.0 | 25.0 | 4.4 | 23.2 | .14 | .7 | 11-28-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 39.00 | 34.50 | 34.75 | -4.25 | -10.90 | 39.25 | 27.13 | -.03 | -.57 | -.86 | -24.35 | 2.54 | .13 Q | 5.2 | 13.0 | 3.8 | 13.3 | .72 | 2.1 | 12-06-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Dunkin Donuts | DUNK | 24.00 | 22.88 | 22.88 | -1.25 | -5.18 | 28.75 | 16.25 | .29 | -.46 | -2.81 | 36.61 | 1.62 | .22 F | 15.7 | 26.0 | 9.7 | 14.1 | .28 | 1.2 | 11-01-83 | 81.6 | 7.9 | 1.2 | 12.87 | 15.97 | 1082 |
| Fast Food Oper | POPI | 2.44 | 2.31 | 2.38 | -.13 | -5.00 | 4.63 | 1.56 | .33 | -.39 | -2.96 | -33.75 | .05 | .06 Q | NC | 82.0 | 6.5 | 39.6 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 32.50 | 31.50 | 32.13 | .63 | 1.98 | 32.94 | 11.91 | -.03 | .52 | -2.84 | 12.00 | 1.85 | .47 Q | 28.6 | 24.0 | 3.7 | 15.2 | .40 | 1.2 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Godfather's Pizza | GFPZ | 17.38 | 15.75 | 16.13 | -1.13 | -6.52 | 25.50 | 14.25 | -.18 | -.08 | 1.94 | 4.75 | .65 | .06 N | 10.0 | 110.0 | 15.8 | 24.4 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 9.75 | 9.75 | 9.75 | .00 | .00 | 12.00 | 6.00 | .10 | .58 | -6.39 | 50.00 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 59.25 | 55.25 | 55.25 | -2.50 | -4.33 | 60.25 | 40.13 | .11 | -.99 | -.34 | -27.65 | 3.04 | .37 N | 10.5 | 12.0 | 14.4 | 14.2 | 1.80 | 3.3 | 12-12-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 52.00 | 48.88 | 49.00 | -2.00 | -3.92 | 59.00 | 33.50 | -.04 | -.22 | -1.08 | -19.11 | 2.50 | .71 N | 29.3 | 14.0 | 6.8 | 15.7 | .84 | 1.7 | 12-19-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 24.50 | 19.13 | 21.63 | -2.88 | -11.73 | 30.78 | 13.28 | .02 | .14 | 6.66 | 10.06 | .70 | .46 N | 76.6 | 80.0 | 2.8 | 20.4 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 8.00 | 7.50 | 7.75 | .00 | .00 | 12.25 | 7.25 | -.26 | .29 | -1.41 | -24.84 | .00 | -.78 F | -100.0 | -6.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Imperial Grp | IMT | 2.00 | 1.81 | 1.88 | -.19 | -9.09 | 2.06 | 1.56 | .00 | -1.79 | -10.68 | 9.38 | .28 | -.07 S | -19.4 | -6.0 | 2.6 | 6.5 | .11 | 5.9 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 36.00 | 35.00 | 35.25 | -.75 | -2.08 | 40.00 | 20.75 | -.10 | .46 | .42 | 48.57 | 2.17 | .81 N | 39.3 | 64.0 | 6.3 | 12.3 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 18.25 | 17.75 | 18.25 | -.75 | -3.95 | 23.00 | 5.41 | .16 | .68 | -1.81 | 27.26 | .92 | .86 Q | 296.5 | 65.0 | 4.8 | 15.9 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 14.38 | 13.50 | 14.13 | .00 | .00 | 18.13 | 10.00 | .40 | .36 | 1.23 | -.43 | 1.00 | .07 F | 7.5 | 19.0 | 4.1 | 14.1 | .20 | 1.4 | 08-08-83 | 53.3 | 2.2 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.63 | 16.75 | 17.75 | -1.75 | -8.97 | 23.13 | 16.25 | .36 | -.76 | .00 | 35.23 | 1.33 | -.07 F | -5.0 | 27.0 | 4.6 | 13.3 | .12 | .7 | 11-04-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.75 | 5.13 | 5.38 | -.25 | -4.44 | 10.75 | 4.00 | -.35 | .06 | -.35 | 33.58 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 15.00 | 12.88 | 13.13 | -2.25 | -14.63 | 18.75 | 12.13 | -.06 | .07 | -.96 | -4.17 | .40 | .18 S | 62.0 | 56.0 | 6.3 | 27.9 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 33.75 | 31.50 | 32.00 | -2.00 | -5.88 | 43.75 | 15.81 | -.49 | .06 | -.25 | -26.30 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 20.9 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 35.88 | 35.00 | 35.75 | .63 | 1.78 | 36.25 | 28.00 | .13 | .74 | -6.07 | 70.69 | 1.53 | .18 F | 13.3 | 31.0 | 9.6 | 23.4 | .60 | 1.7 | 12-12-83 | 144.1 | 13.9 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 13.88 | 13.63 | 13.63 | -.25 | -1.80 | 15.13 | 8.50 | -.01 | .07 | 1.21 | -21.43 | 1.28 | .24 Q | 21.0 | 7.0 | 6.1 | 9.9 | .25 | 1.8 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 77.00 | 71.88 | 71.88 | -4.88 | -6.35 | 81.00 | 50.25 | .14 | .08 | -.14 | -7.84 | 3.44 | .58 N | 17.3 | 36.0 | 3.7 | 18.3 | .44 | .6 | 12-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 73.00 | 69.50 | 70.13 | -2.38 | -3.28 | 74.50 | 54.88 | -.04 | -.17 | -.54 | 29.73 | 5.00 | .65 N | 13.3 | 23.0 | 11.1 | 12.7 | 1.00 | 1.4 | 10-25-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 18.88 | 18.38 | 18.50 | -.63 | -3.27 | 21.06 | 14.75 | .02 | .47 | -1.20 | -1.43 | 1.34 | .21 Q | 17.9 | 14.0 | 4.5 | 13.4 | .40 | 2.2 | 10-07-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 8.88 | 7.88 | 7.88 | -1.25 | -13.70 | 10.50 | 2.25 | .16 | -2.03 | .10 | 11.62 | .45 | 1.43 F | NE | -27.0 | 1.1 | 17.5 | .00 | .0 | 05-29-80 | 63.8 | .7 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 3.13 | 3.00 | 3.00 | -.13 | -4.00 | 3.63 | 1.44 | .01 | -.30 | .92 | 63.18 | .09 | .02 S | 20.0 | 23.0 | 1.1 | 25.0 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 19.50 | 16.25 | 18.75 | 2.00 | 11.94 | 32.75 | 14.25 | .51 | 2.82 | 6.74 | 9.09 | .70 | -.02 Q | -2.9 | 66.0 | 3.6 | 28.8 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.25 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | -.01 | .51 | -11.08 | .00 | .69 | -.81 N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 09-08-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.75 | 7.25 | 7.63 | .25 | 3.39 | 8.00 | 4.38 | .03 | .84 | -3.62 | 5.48 | .63 | .88 F | NE | -15.0 | 2.6 | 12.1 | .00 | .0 | 02-22-82 | 76.3 | 2.0 | 1.6 | 13.11 | 4.72 | 0883 |
| Peoples Rest | PEPL | 7.63 | 7.00 | 7.38 | -.25 | -3.28 | 15.13 | 6.50 | -.48 | .86 | -3.19 | -58.76 | .28 | .10 Q | 47.6 | 106.0 | 7.5 | 23.8 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 13.25 | 13.13 | 13.13 | -.13 | -.94 | 18.13 | 12.75 | -.46 | .55 | .47 | -42.72 | .99 | -.49 Q | -35.5 | 3.0 | 3.9 | 14.7 | .60 | 4.6 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 15.00 | 13.13 | 13.25 | -1.75 | -11.67 | 17.50 | 5.34 | -.21 | -2.84 | -1.64 | 13.00 | .55 | .70 N | 179.4 | 9.0 | 1.3 | 12.2 | .06 | .5 | 10-28-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 9.75 | 7.00 | 9.25 | 1.75 | 23.33 | 26.00 | 6.38 | .75 | 1.04 | -2.19 | -19.95 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 21.38 | 20.25 | 20.63 | .25 | 1.23 | 25.25 | 15.00 | .40 | .61 | .00 | 19.81 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 17.5 | .33 | 1.6 | 12-14-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.00 | 9.88 | 10.38 | -.38 | -3.49 | 11.88 | 4.88 | .20 | -.18 | -2.24 | 13.49 | -.73 | .15 N | NE | -30.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 8.50 | 8.00 | 8.00 | -.25 | -3.03 | 11.38 | 5.38 | .20 | -.50 | .97 | 7.14 | .77 | .12 N | 19.3 | 37.0 | 1.8 | 10.8 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 24.25 | 22.75 | 23.25 | -1.00 | -4.12 | 28.25 | 7.09 | .31 | .64 | -.71 | 39.17 | .33 | .13 N | 40.6 | 87.0 | 10.6 | 51.7 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 33.75 | 32.25 | 32.38 | -.88 | -2.63 | 40.25 | 19.19 | .51 | .52 | 1.98 | 8.46 | 2.10 | .49 Q | 28.9 | 73.0 | 2.3 | 14.9 | .36 | 1.1 | 11-14-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 10.00 | 9.00 | 9.00 | -1.25 | -12.20 | 15.50 | 9.00 | -.68 | .52 | 6.13 | -74.60 | .70 | -.17 Q | -21.5 | 19.0 | 4.5 | 14.5 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.38 | 7.50 | 7.88 | -.63 | -7.35 | 15.00 | 5.88 | -1.57 | -.04 | -1.67 | 24.10 | .02 | -.81 N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.50 | 15.75 | 16.25 | -1.00 | -5.80 | 17.94 | 9.78 | .62 | .25 | -2.31 | -69.03 | .67 | -.35 N | -36.8 | 26.0 | 1.5 | 27.1 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 26.00 | 25.00 | 25.00 | -.75 | -2.91 | 27.38 | 20.06 | .32 | -.47 | 2.21 | 65.89 | .86 | .26 N | 35.6 | 26.0 | 5.1 | 25.3 | .15 | .6 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 14.00 | 13.00 | 13.00 | -.88 | -6.31 | 16.25 | 10.13 | .34 | -.40 | -4.03 | 9.49 | 1.01 | .09 S | 9.7 | 16.0 | 4.5 | 12.9 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 11.25 | 9.75 | 9.75 | -1.50 | -13.33 | 15.50 | 4.66 | .14 | -.19 | -3.17 | -1.88 | .48 | .45 N | 121.6 | 18.0 | 2.6 | 11.9 | .06 | .6 | 10-11-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 16.50 | 16.50 | 16.50 | .00 | .00 | 22.00 | 16.50 | -.01 | .55 | 6.82 | 56.25 | .37 | .56 N | 90.3 | 5.0 | .9 | 14.0 | .26 | 1.6 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 5.00 | 4.75 | 4.75 | -.25 | -5.00 | 7.50 | 3.13 | .12 | .53 | -.52 | -9.64 | .27 | .09 Q | 42.8 | 104.0 | 3.8 | 15.8 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 9.38 | 8.75 | 9.00 | .25 | 2.86 | 10.00 | 3.44 | -.21 | -.65 | -2.90 | -5.59 | .29 | .11 F | 61.1 | 44.0 | 2.0 | 31.0 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 9.63 | 8.00 | 8.00 | -.50 | -5.88 | 13.63 | 5.75 | .38 | -2.99 | 3.20 | 27.81 | -2.39 | -2.27 S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 22.00 | 20.25 | 20.38 | -.50 | -2.40 | 22.00 | 13.00 | .35 | -.30 | -2.80 | -3.74 | 1.13 | .19 N | 17.4 | 22.0 | 7.3 | 15.9 | .32 | 1.6 | 11-03-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 18.88 | 17.50 | 17.63 | -1.00 | -5.37 | 25.00 | 9.63 | .23 | -.70 | -2.74 | -11.80 | .16 | 1.44 N | NE | -18.0 | .5 | 29.9 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.25 | 12.00 | 13.25 | 1.50 | 12.77 | 17.50 | 9.50 | .30 | .55 | 1.76 | 30.11 | .92 | -.07 N | -6.1 | 7.0 | 3.1 | 12.5 | .16 | 1.2 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 16.25 | 15.13 | 15.75 | .50 | 3.28 | 17.13 | 10.69 | .94 | .04 | 1.94 | 16.41 | .63 | -.03 N | -4.7 | 11.0 | 2.6 | 26.3 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Collins' launches a 'gourmet' burger venture

LOS ANGELES—Collins Foods International has lined its strongbox with $29.1 million in net proceeds from a $30-million debenture sellout to fund its 60% role in a three-way joint venture for development of a "gourmet" burger chain called Ed Debevic's.

The burger chain project, with the remaining 40% interest split between Big 4 Restaurants of Phoenix and Lettuce Entertain You Enterprises of Chicago, gets off the ground on the heels of Collins' record second quarter, in which net profits increased 26% over the same period last year.

For the three months ended Oct. 31, Collins scored a net profit of $4.4 million on revenues of $99.2 million, up 21% over last year's second quarter.

For the first half of the fiscal year, Collins reported a 25% increase in net profit before nonrecurring gain to $8.3 million on a 13% gain in revenues to $192.3 million vs. the first six months of last year.

Collins' three-way joint venture is the second time in a month the company has teamed up with Lettuce Entertain You. The 15-unit company is managing Collins' newly acquired Gino's East pizza restaurant in Chicago, and will be its first franchisee after devising a prototype for international chain expansion.

James A. Collins, chairman and ceo of Collins Foods, met principals of eight-unit Big 4 Restaurants, including president Lee Cohn, several years ago. Through Big 4, he was introduced to Lettuce Entertain You, out of which came the Ed Debevic's burger venture and, subsequently, the Gino's East deal.

Rich Melman, the innovative restaurant impresario who is president of Lettuce Entertain You, has reportedly taken a position in the newly hatched "gourmet" burger triumvarite as its conceptual mastermind. His brainchild, Ed Debevic's, will seek to tap the apparently burgeoning market for upscale burgers already being serviced by the likes of Fuddruckers, Red Robin, Chili's, Flakey Jakes, and others.

Collins says there will be some stylistic similarities between others in this emerging segment and his 60%-owned Ed Debevic's concept. "But with our breakfast menu, a different approach, and Rich's emphasis on quality," Ed Debevic's will distinguish itself from the rest of the pack, Collins said.

The new concept will also feature a broader menu than the others, according to Collins president Dick Bermingham. The company declined to project estimates of average unit sales or profit potential.

The first unit of Ed Debevic's is now under construction in Big 4 territory in Phoenix, where it is scheduled to open in May. Units in Chicago, perhaps Phoenix again, and then Los Angeles are due to follow within the next year for a total of three or four. Thereafter, the joint venture plans to start a worldwide franchise program.

The recent flurry of concept diversification by Collins puts the company further along the strategic course it intended to embark upon after spinning off its 71%-owned Sizzler Restaurants subsidiary as a public company in November 1982. Cash rich, coming off two strong years in a row, Collins wanted to branch out.

Sizzler, now 449 units strong, has developed or acquired three new concepts since going public, including an upscale dinnerhouse, Lumber Camp; a downscale family restaurant, Goose Creek, and a Mexican concept, Emma's Taco House.

Collins, on the other hand, has mostly stuck to running its chain of Kentucky Fried Chicken units, which now numbers 248 outlets with the recent acquisition of nine KFC stores in the Boise, Idaho, area. The company also operates six Collins Foodservice distribution warehouses.

Prior to the Gino's East and Ed Debevic's deals, Collins sole vehicle for possible new chain expansion was the year-old Southside Barbeque concept in Los Angeles. The company had not expanded beyond a single prototype store in a black neighborhood because "we hadn't gotten the results we'd hoped for," Collins said.

# Sea Galley dropping commissaries, names a new operating chief

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores has decided to end its year-old experiment with vertical integration and sell a meat processing/distribution subsidiary and a fish processing plant.

The 49-unit chain, which owns 66% of the new Flakey Jake's "gourmet" burger concept, also expects to report a fourth-quarter loss but an overall profit for the year just ended, and has named a new chief operating officer.

Robert F. Galentine, formerly senior vp and national director of operations, was named coo. He succeeds Dennis W. Wassman, who left to head up a telecommunications venture in Seattle. Galentine, who joined Sea Galley in 1982, was formerly a regional vice president with Red Lobster.

The unprofitable distribution and seafood processing businesses, which have adversely impacted on Sea Galley's earnings since their acquisitions, should yield about $10 million from their pending sales, according to president and chairman Steven B. Dowen. He said proceeds from the sales would not offset the subsidiaries losses, which would be written down in the fiscal year begun Jan. 1.

An unnamed buyer had reportedly been found for the meat processing/distribution operation; at presstime the deal was reportedly close to finalization. No definite buyer for the fish plant had been found, but several interested parties were negotiating for its purchase, Dowen said.

Such ventures into vertical integration are "no good" for a smaller company such as his, with its current annual sales strength of about $70 million, Dowen said. "Maybe when you get to $2.5 million a year you can do something like this."

Sea Galley would not estimate the amount of its expected loss in the fourth quarter, historically its slowest. In the nine months ended in September, the company had turned a net profit of $319,000 on sales of $71.8 million. In 1982, the company posted a $358,000 loss on sales of $70 million.

At a meeting of securities analysts in New York in June, Dowen set as a goal for 1984 the company's return to the margins it enjoyed in 1980. He now reports that those levels have already been attained, and the company is working on a 63% gross margin after covering the costs of goods sold.

Average unit sales are currently about $1.6 million annually, some 5%-6% ahead of last year. The gains in unit sales are made up about equally of increased customer traffic and higher menu prices, Dowen said.

Dowen expressed disappointment with a recent marketing campaign designed to shift customer preferences away from more costly shellfish toward a selection of finned fish dishes offered with a variety of gourmet sauces. The company will return to its former emphasis on more upscale and traditional items, and will continue its gradual shift away from fried items to broiled and poached dishes. Sea Galley may introduce some sauteed items this year, Dowen said.

Sea Galley has sold about 85% of a public subscription offer of stock in its Flakey Jake's concept, raising an approximate net of $3.5 million to partly offset startup costs. At an annualized sales rate of about $1.75 million per store, the first four Flakey Jake's units are operationally profitable, Dowen indicated, and should overcome corporate startup expenses and move into the black by the third quarter.

While Sea Galley plans to open six new seafood restaurants in 1984, Flakey Jake's will open 14 new company outlets, Dowen said. Flakey Jake's is qualified to franchise in 38 states, and plans to sell a total of 12 area franchises for entire ADI's this year.

Flakey Jake's provides Sea Galley with a vehicle for conversion of "subpar" seafood restaurants at a cost of about $250,000 per unit. The concept features an exhibition "meat market" and a "bakery," producing fresh-ground and broiled ½-lb. patties and hot burger buns. Customers assemble their burgers (about $3.75) from a 20-item salad-bar-style condiment line in the 1890's Western-themed restaurants.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Allegheny Beverage Corp. | 3 mos<br>9 mos. | 9/30 | | | $140.0<br>338.4 | 25.0<br>1.7 | $ 3.212<br>7.428 | 18.7<br>22.0 |
| ARA Services | 3 mos.<br>12 mos. | 9/30 | | | 776.0<br>3.1 Bil. | 9.0<br>9.0 | 10.700<br>53.700 | 167.0<br>38.0 |
| Associated Hosts | 12 mos. | 10/29 | | | 88.3 | 12.0 | 3.207 | 84.0 |
| Chi-Chi's | 3 mos.<br>6 mos. | 10/31 | | | 37.9<br>74.3 | 59.0<br>68.0 | 4.300<br>8.000 | 83.0<br>81.0 |
| Chili's | 6 mos. | 9/30 | | | 17.0 | 41.0 | 1.300 | 6.0 |
| Collins Foods | 3 mos.<br>6 mos. | 10/31 | | | 99.2<br>192.3 | 21.0<br>13.0 | 4.400<br>8.300 | —<br>25.0 |
| Kelly-Johnston | 3 mos.<br>6 mos. | .9/30 | | | 21.6<br>34.3 | 115.0<br>86.0 | 1.140<br>1.870 | 83.0<br>67.0 |
| Mr. Steak | 3 mos.<br>12 mos. | 10/2 | | | 18.4<br>63.8 | —<br>— | 0.313<br>0.802 | —<br>6.7 |
| Pancho's | 3 mos.<br>12 mos. | 9/30 | | | 7.3<br>25.3 | 18.0<br>4.5 | 0.440<br>1.160 | 13.0<br>41.0 |
| Pizza Inn | 3 mos.<br>9 mos. | 9/25 | $111.4 | 5.5 | 39.0 | 6.7 | 0.943<br>2.890 | 177.0<br>137.0 |
| Rax Restaurants | 3 mos. | 10/29 | | | 20.3 | 34.0 | 1.400 | 105.9 |
| Restaurant Systems | 3 mos.<br>40 wks. | 10/1 | | | 6.9<br>22.2 | 16.0<br>13.0 | 0.361<br>0.987 | 16.0<br>26.0 |
| Shoney's South | 3 mos.<br>40 wks. | 10/2 | | | 35.5<br>109.7 | 17.0<br>17.0 | 1.500<br>3.900 | 125.0<br>131.0 |
| Western Steer | 3 mos.<br>9 mos. | 11/4 | | | 9.0<br>24.7 | 28.0<br>25.0 | 0.494<br>0.949 | 65.0<br>44.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Red Lobster shifts ad concept, agency

ORLANDO, Fla.—Red Lobster Inns of America has hired Backer & Spielvogel as its advertising agency, replacing D'Arcy-MacManus & Masius which had had the account since 1976.

The status of Red Lobster's long-running campaign, "For the seafood lover in you," was left in doubt. As recently as last June, Red Lobster officials had pledged to continue the ad campaign and disavowed plans to switch agencies.

Reports from St. Louis, Mo., where D'Arcy is headquartered indicated late last year that the $40 million-a-year account was in trouble as Red Lobster searched for an agency that could provide more long-term planning based on deeper research.

Red Lobster was reportedly unsatisfied with the current pitch because it emphasized the virtues of seafood more than the 370-unit dinnerhouse chain.

Red Lobster is owned by General Mills, which also operates York Steak Houses, Casa Gallardo dinnerhouses, Darryl's 1890 pub-restaurants and Good Earth restaurants.

**MORE NEW PRODUCTS**
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# Allegheny Beverages profit up 22%

BALTIMORE—Allegheny Beverage Corp.'s net earnings for the nine month period ended Sept. 30 were $7,428,000, a 22% increase over the $6,100,000 in profits recorded during the same period last year.

Revenues for the first nine months of 1983 were $338,380,000, compared with $332,820,000 during the first nine months of 1982.

Net earnings in the third quarter of 1983 were $3,212,000, up from the $2,707,000 reported for the same 1982 period. Revenues in the third quarter of this year were $140,116,000, a gain of nearly 25% over the $112,280,000 reported for the corresponding 1982 period.

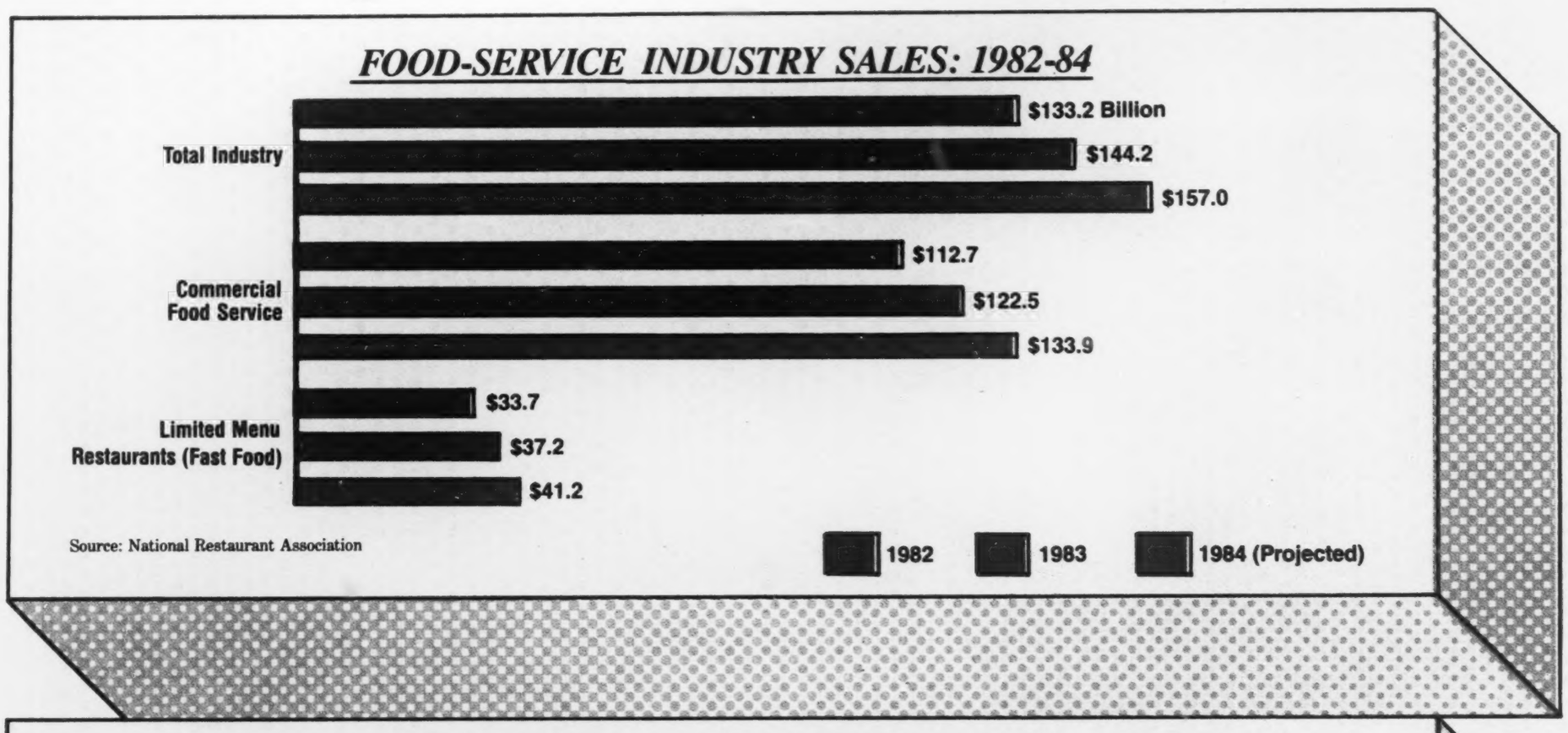
Allegheny's Macke Co. subsidiary recently acquired Mid-America Food Service Inc., the largest independent food-service company in the Kansas and western Missouri regions. In a separate transaction the Macke Co. also acquired the food-service and vending operations of Jankowski Catering Services Inc. in Winchester, Ky.

The Mid-America and Jankowski acquisitions are part of a continuing move by Allegheny to expand Macke's existing food-service and vending operations in the eastern and midwestern regions of the country.

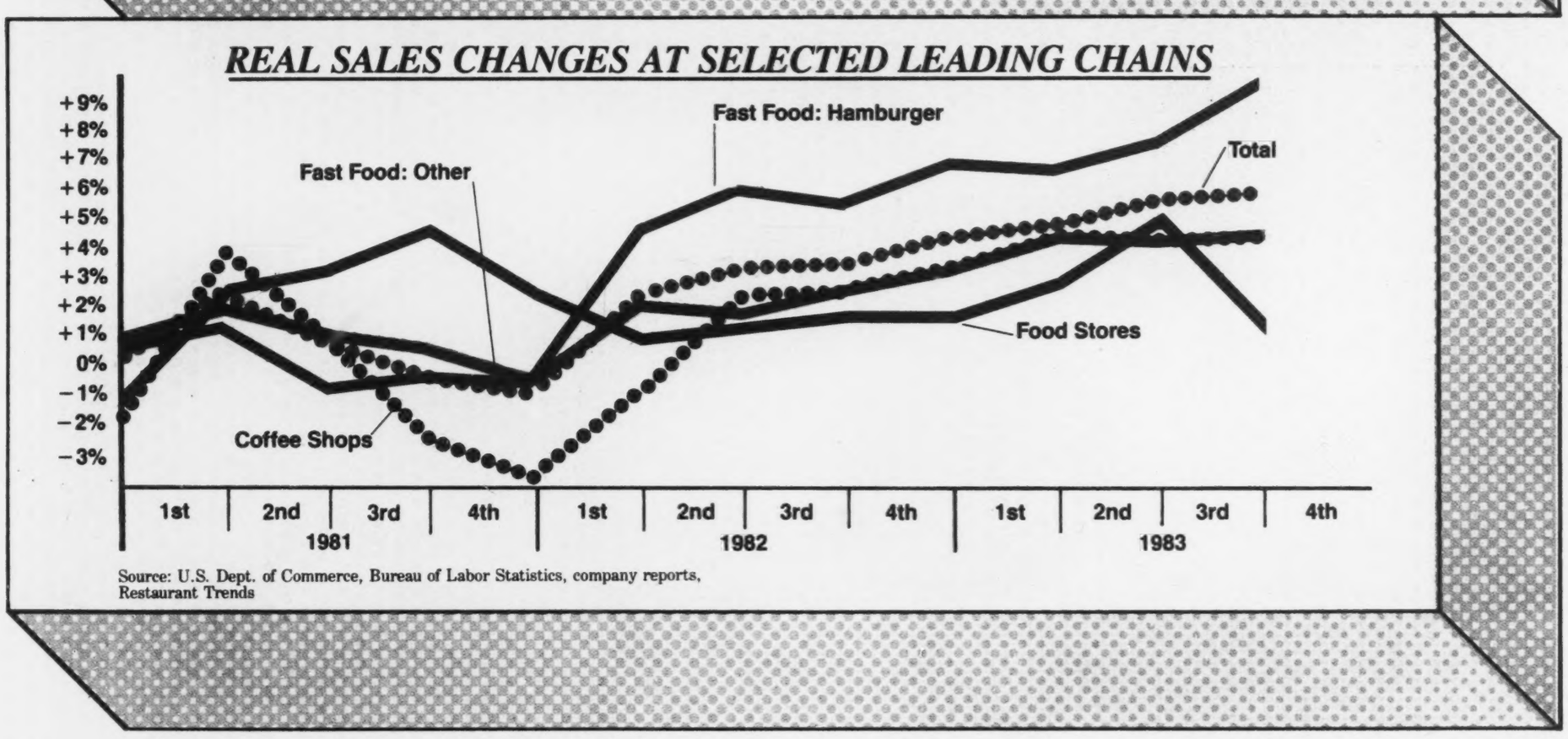
Allegheny is also involved in office furniture operations, building maintenance services and the rebuilding, manufacturing and sales of beverage equipment and parts.

FOCUS NRN

# LATE '83 REBOUND TO CONTINUE?




Source: National Restaurant Association




Source: U.S. Dept. of Commerce, Bureau of Labor Statistics, company reports, Restaurant Trends

After a string of frustrating recessionary years spent scrambling through the trough of the business cycle, the food-service industry appears to have the firm ground of economic growth in sight at last.

Nonetheless, prognosticators see no more dramatic industry-wide sales gains for 1984 than 1983 brought us.

Total food-service industry sales are projected to climb 8.9% to $157 billion this year, compared with an 8.2% 1983 increase to $144.2 billion.

Ostensibly last year's rebound is set to continue, but the National Restaurant Association's estimates indicate a slight slowdown in real sales growth due to projected 5.4% average menu price rises this year (apparently based on projected higher beef and broiler prices), compared with 4.5% last year. Thus real sales growth would drop from last year's 3.7% to 3.5%.

Commercial food service is projected for a 9.3% total sales increase to $133.9 billion while noncommercial would rise 6.4% to $22.2 billion, the NRA says. Real sales would

*(Continued on page 64)*

# FOCUS NRN

## FORECAST '84

# *Flexibility key as boom beckons*

*(Continued from page 1)*

Meanwhile, Warner Communications is mulling a possible spinoff of its Gadgets restaurants, and Gladieux Corp. is eying a spinoff of one-third of its eight-unit Rax franchisee to finance its own contract feeding expansion.

Other such deals have seen the 240-unit Nashville-based, Krystal fast-food company spin off two subsidiaries—Po Folks with some 70 country-style family restaurants, and DavCo with some 90 Wendy's franchise units—into a separate Po Folks company still controlled by Krystal; Bonanza, which spun off Peoples restaurants 2½ years ago, giving its shareholders stock in USA Cafes, which is taking over Bonanza's virtually all-franchised system, and Seattle-based Sea Galley seafood restaurants spinning off 25% of its new Flakey Jake's upscale burger chain.

Acquisitions, joint ventures and diversified efforts also loom strongly. Collins Foods, which remains a major KFC franchisee and spun off 29% of Sizzler steakhouses a year ago, has just acquired Gino's East Pizzeria in Chicago in conjunction with Richard Melman and is also ready to launch a joint venture upscale hamburger operation with Big Four Restaurants of Phoenix and Melman.

Sizzler Restaurants in turn has acquired Emma's Taco dinnerhouse and Emma's Burrito House fast food in Sacramento and is testing a Goose Creek Food 'N Fixins country-style family restaurant.

Restaurant Associates of New York is acquiring a part interest in the California "authentic" Mexican restaurant chain Acapulco y Los Arcos in a diversification bid. Vicorp of Denver, operator of Village Inn family restaurants, purchased the Poppin' Fresh Pies chain from Pillsbury seven months ago and now is acquiring Continental Restaurant Systems from Ralston Purina's Foodmaker division. On Foodmaker's part, this divestiture will allow concentration on its Jack in the Box fast-food chain.

Denny's Inc., California owner of the nation's leading coffee shop chain and of Winchell's doughnut houses, have diversified with the acquisition of El Pollo Loco, a 19-unit charbroiled chicken chain which it hopes to develop nationally. Denny's continues to pursue an aggressive real estate strategy, having already converted a number of VIP, Alphy's and Sambo's units to Denny's.

Saga, which acquired Grandy's chicken and Spoons upscale burgers in Texas, plans a new restaurant, catering and takeout operation called Brandi's.

Two prime candidates for spinoffs this year are Ponderosa, with its Casa Lupita Mexican restaurants, and Wendy's, with its Sisters Chicken & Biscuits units. But both companies deny any such plans.

Sometimes asset utilization has to be defensive. Magic Pan, pressed to the wall and itself having been sold by Quaker Oats to Bay Bottlers of Oakland, Calif., is trying a Nopalitos Mexican dinnerhouse concept, Laredo's upscale burgers and chili, and a Magic Chicken fast-food operation for potential conversions of the creperies.

Sambo's, on the brink of possible extinction, is desperately trying to switch its remaining Seasons restaurants—themselves converted almost instantaneously from Sambo's—to Coco's and Godfather's franchise units.

Another form of asset management is to accept a partial defeat in order to regain a chain's momentum. Thus General Mills has closed 22 unprofitable units of its 151 York steakhouses and feels the division's future will be enhanced.

Franchisees themselves are exercising far more diversified clout. A Shakey's Sacramento franchisee group has purchased that chain from Hunt Resources, just as Phoenix-based Swensen's franchisee Red River Resources acquired Swensen's a few years ago. A Popeye's franchisee, Fast-Food Operators of New York, has bought a controlling interest in JoAnn's Chili Bordello restaurants of Florida.

Marriott Corp. is lining up a stellar list of diversified restaurant operators which already have their own restaurants and franchise operations. A prime example is the Riese Organization, which is a New York area franchisee of Roy Rogers, Godfather's Pizza, Sizzler Steakhouses, David's Cookies and Häagen Dazs ice cream as well as operator of its own Lindy's, Charley O's and J. J. Mulligan's restaurants, among others.

Hotel chains also are trying a multiplicity of concepts to gain wider shares of more varied markets. Holiday Inns is launching Crowne Plazas and Embassy Suites, boosted by the takeover of Granada Royale, and a new budget chain named Hampton Inns. Marriott has opened its first moderately priced Courtyard Hotels. Ramada Inns is going up a notch with Renaissance hotels, and Stouffer's is sharply upgrading to new formats too.

A dizzying pace of new product testing and rollouts is on tap for major chains to build traffic this year. Arby's is rolling out a croissant breakfast while Burger King and Wendy's appear ready to launch full-scale breakfast programs. Arby's is testing a topped baked potato similar to Wendy's, and Ponderosa has initiated a 30-ft. salad buffet.

McDonald's is finally testing breakfast biscuit sandwiches, new variations of the McMuffin breakfast sandwich and an upscaled ¼-lb. burger with lettuce, tomato and mayonnaise. It has pulled back from its McRib barbecue pork sandwich.

Carl's Jr.'s new diversified dinner menu is an experiment being watched closely.

Wendy's continues a steady expansion of the very limited four-item menu that it maintained for a decade. It is trying a dinner menu with four versions of a new gourmet burger, and a fish sandwich after having added a salad bar, chicken sandwich and taco salad.

Among the various "hot" market segments, pizza-entertainment restaurants clearly have peaked and a shakeout looms among the some 50 companies vying in this field. But Pizza Time Theatre's Nolan Bushnell is trying to put some spice back into the market by launching a new generation of coin-operated video games and trying to emphasize "food quality and price value" as well.

Mexican dinnerhouses, with their low food costs, high liquor ratios and very reasonable prices are still being eyed as potential winners by many operators although they seem to have peaked everywhere except in the Northeast where they are still new. Chi Chi's remains the leader, with Garcia's, El Torito, El Chico and Acapulco y Los Arcos chasing behind.

In the casual "fern bar" segment dominated by Bennigan's, Houlihan's and T.G.I. Friday's, numerous imitators have arisen. But prospects are that this segment will peak too if it hasn't already.

A "healthy" foods segment has emerged led by chains such as Louisville-based fast feeder Fresher Cooker with all nonfried foods and Peoples restaurants, but seems to have limited potential. A segment that appears ready to emerge strongly in chain form is the delicatessen. Sandwich Chef, Birmingham, Ala., is spearheading a new drive with some 200 deli-sandwich shops already open. And Naugles chairman Harold Butler is testing a deli in combination with a bakery and coffee shop in San Bernardino, to the tune of $2 million annual sales.

Ethnic restaurants—particularly Chinese and Italian—are drawing great consumer interest and should be a source of considerable growth this year.

A fierce battle looms among chicken chains with KFC trying to hold its edge in numbers, Church's attempting to rebound and Popeye's, Bojangles, Sisters, Mrs. Winner's, Grandy's, Golden Skillet, Famous Recipe, Pioneer and now El Pollo Loco among those fighting for their share of this lucrative market.

But the so-called gourmet or upscale burger chains which are emerging seem to be the hottest new growth segment for 1984. These include, in varied forms, San Antonio-based Fuddrucker's with "the world's greatest hamburger" for $4, Dallas-based Chili's under Norman Brinker and Larry Lavine; S&A Restaurants' J. J. Muggs, W. R. Grace's T. J. Applebee's, Pizza Inns' J. J. McCord's, Chart House's Moxie's, Saga's Spoons, G. D. Ritzy of Ohio with its added ice cream touch and of course Marilyn Lewis' Hamburger Hamlets.

Chains expect to continue the customer counts/and earnings gains of last year's second half after the flat periods of the last few years. Earnings for the latest available quarters were encouraging with an overall surge, highlighted by such net profit increases as Pizza Inn's ARA 167%; Frisch's 54%, Denny's 14%, Godfather's 28%, Rax's 105%, IDQ's 13%, Peoples Restaurants' 132%, McDonald's 16%, Wendy's 30%, Saga's 33%, Winners Corp.'s 25%, Chart House's 20%, Morrison's 16% and Luby's Cafeterias' 17%.

A few notable exceptions to the rapid upswing were Jerrico, up only 3% at its Long John Silver's chain was hit by a slump in the fast-food seafood market; Church's, off 37%; Piccadilly Cafeterias, off 30%, and Victoria Station—still trapped by an inflexible railroad boxcar format, a $1.06 million net loss in the latest reported quarter.

Leading chains hope to maintain the traffic gains they were showing when they moved into the fourth quarter. Estimates of real sales increases (average unit volume increases minus menu price rises) against the same period the previous year were running as high as 9% for McDonald's, Wendy's and Taco Bell, 11% for Pizza Hut, 10% for Jack in the Box, 7% for Hardee's, 6% for Howard Johnson and 5% for Denny's.

Economic signs are promising on all fronts. Unemployment is dropping, although not fast enough to please everyone. The minimum wage will remain the same through '84, and costs will rise only moderately. Beef and broiler wholesale prices may not rise anywhere near as much as the 10% to 20% increases that had been predicted earlier by some experts.

But chains are likely to rise, fall or finish somewhere in between this year based on their capacities to make the tough decisions necessary to gain more productivity and a higher return from their existing assets and on their acumen in seeking viable new restaurant assets.

### *MONTHLY STORE SALES OF MAJOR CHAINS*

| | Per Cent Change Over October 1982 | | | |
|---|---|---|---|---|
| | Total Store Sales | Menu Price Rise | Real Sales | Prior Month Real Sales Changes |
| Big Boy | 6% | 4% | 2% | 15% |
| Burger King | 14 | 1 | 13 | 17 |
| Church's | 7 | 2 | 5 | 4 |
| Denny's | 10 | 4 | 5 | 4 |
| Dunkin' Donuts | 5 | 3 | 1 | 3 |
| Friendly Ice Cream | 6 | 2 | 4 | 7 |
| Hardee's | 9 | 1 | 7 | 10 |
| Howard Johnson | 9 | 2 | 6 | 1 |
| Jack-in-the-Box | 14 | 3 | 10 | 11 |
| Kentucky Fried Chicken | 7 | 3 | 4 | 1 |
| Long John Silver | 2 | 2 | 0 | 6 |
| McDonald's | 10 | 1 | 9 | 11 |
| Pizza Hut | 14 | 3 | 11 | 10 |
| Ponderosa | 7 | 4 | 3 | (4) |
| Taco Bell | 11 | 3 | 9 | 14 |
| Wendy's | 11 | 2 | 9 | 8 |
| Winchell's | 6 | 5 | 1 | 5 |
| Average | 8.7% | 2.6% | 5.8% | 7.0% |

Source: Restaurant Trends

# *Will '83 momentum carry?*

*(Continued from page 61)*

jump 4% in the commercial group but only 1% in the noncommercial group. (Miscellaneous categories would account for another $1 billion.)

Within the commercial market, full-service restaurants are projected for a 9.2% increase to $49.9 million, with 3.9% real sales growth. But limited menu restaurants or fast feeders would soar 10.7% to $41.2 billion for a 5.4% real sales growth.

The forecast predicts the sharpest upsurge in the airline business, with airline contract feeders slated for a 7.2% real sales increase and the airlines' own food service seen headed for a 6.6% rise.

While wholesale prices may climb slightly more this year than last year, the NRA expects a strong economy, rising employment and a relatively low inflation rate to exercise a positive influence on food service results.

Within the category showing the fastest real sales growth now—fast food—hamburger-oriented units have shown a steady upsurge in real sales increases since last spring, culminating in as much as a 9% fourth quarter average rise, compared with 1972's fourth quarter, according to Restaurant Trends surveys.

An encouraging sign for the fast-food and coffee shop segments in particular is that the average combined real sales rises of selected leading chains have been steadily outpacing food store real sales rises by an increasingly wide margin although an apparent aberration appeared in the third quarter when these food-service chains' average real sales jumped 5.6% over 1982's third quarter while food store real sales suddenly spurted 5%. But by the fourth quarter the gap had widened again, 5.8% to 1.2%.

The fast-food chains' general success in holding price increases to a minimum has been instrumental in building a sales growth advantage over the local supermarket or grocery store. Fast feeders have been able to hold menu price rises in the past year to about 3%, compared with 4.5% for the entire food-service industry.

Notable new product introductions and rollouts during the year such as McDonald's Chicken McNuggets and Wendy's baked stuffed potatoes, along with intensive breakfast pushes, are aiding fast feeders.

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## WASHINGTON OUTLOOK '84

***Waiting on the election year siege—Pp. 33-39***

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*The Newspaper of the Food Service Industry*

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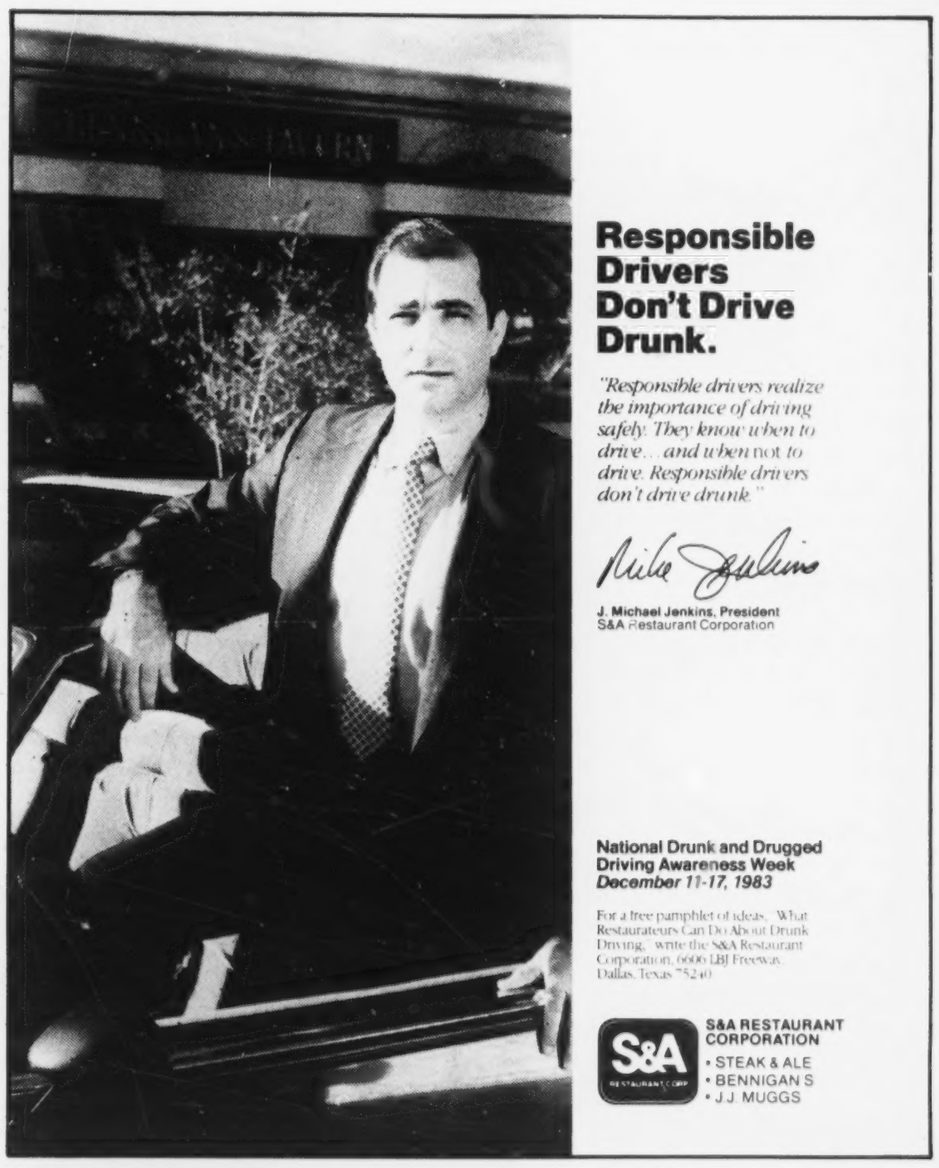
Responsible Drivers Don't Drive Drunk.
"Responsible drivers realize the importance of driving safely. They know when to drive... and when not to drive. Responsible drivers don't drive drunk."
J. Michael Jenkins, President
S&A Restaurant Corporation
National Drunk and Drugged Driving Awareness Week
December 11-17, 1983
For a free pamphlet of ideas, "What Restaurateurs Can Do About Drunk Driving," write the S&A Restaurant Corporation, 6606 LBJ Freeway, Dallas, Texas 75240.
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• J.J. MUGGS

**S&A Restaurant Corp. ran this ad in regional editions of *Time* as part of a program to curb drunk driving.**

# Operators seek answers to drunk driving dilemma

**By Roman Czajkowsky**

A restaurant in northern California offers patrons special "driver" ID buttons to anyone promising not to drink liquor so that he or she can drive drinking buddies home. In return, the button can be exchanged for free drinks at a later date.

In Washington, D.C., a restaurant near the United States Capitol has arranged for low-cost rooms at a nearby hotel for bar guests who've had one too many. Posters saying "Take the elevator home" advertise the service.

A major restaurant company headquartered in Texas has been test-marketing an ad in regional editions of Time magazine admonishing readers that "Responsible drivers don't drive drunk." It also offers restaurateurs a free pamphlet on what they can do about drunk driving.

Prodded into action by the growing public outcry against drunk driving, stung by legislative proposals aimed at curtailing liquor sales in restaurants and bars or fearful of the rush of lawsuits under third-party liability laws now being dusted off or written into the books, restaurant and bar owners across the country are responding in a variety of hands-on ways to reduce the threat to their businesses.

Still others, mindful of a pervasive public perception that the restaurant/bar industry bears major blame for drunk driving accidents, worry that it's too late to deal with adverse liquor legislation already before state legislatures. To counter potentially even tougher antiliquor measures, they're mounting major public relations campaigns aimed at portraying the industry as socially and morally responsible and anxious to work hand-in-hand with any group that deals with the drunk driving problem.

The threat of the various legislative proposals and increased enforcement of drunk driving laws is very real: In a number of towns where drunken driving has become highly publicized and enforcement efforts have increased, liquor sales—in many cases the bread-and-butter of a restaurateur's income—have nosedived.

By all accounts, drunk driving/liquor service liability is emerging as perhaps the major—and certainly the most complex—issue restaurant and bar owners will face in 1984 and beyond. But some restaurateurs charge that the industry as a whole is not doing nearly enough to deal with the problem, and point to what they say is a cynical attitude about continued irresponsible liquor service on the part of some of their colleagues.

There's little dispute that restaurant and bar owners are facing a formidable task in grappling with the issue. One problem, some say, is that the issue has been taken up by well-organized and highly visible groups of "neo-prohibitionists" who'd just as soon see even responsible liquor service severely curtailed.

*(Continued on page 72)*

# *Denny's to acquire all 78 Colony Kitchens*

**By Richard Martin**

LA MIRADA, Calif.—Denny's Inc. is set to take its biggest bite to date in its two-year diet of competitors' restaurant properties—a move which marks the end of family restaurant operations for Colony Foods Inc.

For $13.6 million in cash, the 2,080-unit, $1.2 billion-annual coffee shop powerhouse would acquire all 78 Colony Kitchen restaurants in five Southwestern states under a definitive agreement reached late last month.

Denny's latest move in its low-cost acquisition/conversion strategy of expansion would push to more than 200 the number of restaurants it has purchased from struggling competitors since it first bought 12 Sambo's units in November 1981.

A total of 75 VIP's and Alphy's restaurants were acquired in 1982 for the combined purchase price of some $19.4 million. In November 1982 the company bought another 44 Sambo's units for about $14 million; negotiations are now reportedly under way for 15 more Sambo's sites.

An uncertain future now awaits five-year-old Colony Foods, based in El Cajon, Calif. A subsidiary of New York City-based Trust House Forte Food Services Inc., Colony had sales estimated at $44 million in 1982, when it operated some 86 restaurants—some 20 fewer than the year before.

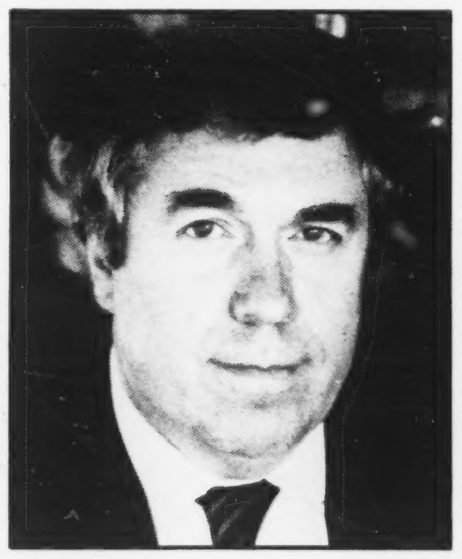
Colony's closure or sale of eight units last year was thought to coincide with slipping average-unit sales, estimated at half the current approximate $1 million annual unit averages of Denny's.

Neither Roger Manfred, president, ceo and chairman of Colony, nor Edward Mitchell, the company's executive vp and chief operating officer, would comment on the pending sale or Colony's future under Trust House Forte.

Contacted in New York, Trust House Forte Food Services director of operations Douglas Tait confirmed that the deal with Denny's would mean a termination of the company's business in the family restaurant segment. But Tait told *Nation's Restaurant News* his company was gearing up for coast-to-coast expansion within the next five years of contract food-service operations, pending finalization of its recent purchase of two companies in that segment.

Tait would not name the two companies, nor would he comment further on Trust House Forte's planned contract-feed-

*(Continued on page 72)*



**Vern O. Curtis**

# Libel case renews operator-critic battle

**By Joe Edwards**

NEW YORK—Reactions ranging from elation and surprise to anger and outrage greeted last month's shocking decision by a Manhattan jury to award $20,005 in compensatory and punitive damages to an operator whose restaurant received a negative review.

Some operators predictably applauded the decision, claiming it would force reviewers to be "more responsible." Others, however—especially reviewers and editors—said it smacked of censorship and violated First Amendment rights of freedom of the press.

Reached after a four-day trial in which a noodle chef was allowed to demonstrate his techniques to the jury and judge, the decision re-ignited the long-smoldering dispute between restaurateurs and reviewers and again brought into question the role of the press in food service.

"If a decision like this is allowed to stand it will open a hornets' nest," declared Marian Burros, *New York Times*' food critic. "If I'm outraged it's because the defense didn't put up a good case and maybe the judge let in more evidence than he should have."

Calling the decision "outrageous" and "insane," Arthur Schwartz, *New York Daily News*' restaurant reviewer, said "the whole thing is just an aber-

*(Continued on page 71)*

# *Bojangles' rapid growth pressing segment leaders*

**By Charles Forman**

ANNAPOLIS, Md.—As Bojangles opened its 200th unit beside a shopping mall here late last fall, predictions that the Horn & Hardart subsidiary would soon be the nation's No. 3 fast-food chicken chain flowed as freely as the champagne.

With its million dollar average annual unit sales and all-day menu based on biscuits and spicy chicken, Charlotte, N.C.-based Bojangles is riding high in an aggressive drive to preemptively exploit the potential of the upscale fast-food chicken market.

While new units are still opening along the East Coast, the company is turning its attention west to Texas, where 90 restaurants are planned in what seems an obvious assault on a confused and weakened Church's.

In addition, the company is emphasizing utilization of a new prototype building which should lower average per-unit investment costs, introducing

*(Continued on page 71)*

## *LATE NEWSBREAKS*

**Red Lobster has disclosed that as part of its new marketing emphasis it will zero in on the burgeoning take-out market with a variety of prepared platters and seafood salads available at all its 376 units.** *(Earlier story, page 2.)*

**No New Year's football bowl contest was more competitive than the fierce battle between McDonald's and Burger King, who kicked off 1984 with a nationally advertised head-to-head clash of 39¢ 2-oz. hamburgers.**

**Trans World Corp.'s spinoff of 81% of money-losing Trans World Airlines has been O.K.'d by shareholders for Feb. 1. Left will be food service, hotel and real estate businesses.**

**Hyatt Corp. has filed a $4 million damage suit in a Kansas City, Mo., circuit court charging designers and builders of the Kansas City Hyatt Regency Hotel, where 114 people were killed when two skywalks collapsed in 1981, with negligence.**

***With sales, profits slipping away . . .***

# Red Lobster scrambles for ways to retain turf

ORLANDO, Fla.—Obviously concerned about weakened sales and profits, Red Lobster executives are reviewing a wide array of marketing and operational options for a strategy that will beat back emerging competition from other dinnerhouse chains and from the casual theme segment.

Though final decisions are still months away, officials are looking for ways to reposition the 370-unit chain. One insider characterized the moves being considered as defensive, directed against "the increasing amount of concepts where you can get a drink and a lower-priced meal."

Saddled with menu price hikes which came faster than upgrading in recent years, Red Lobster's customer counts have been undercut by competitors such as Bennigan's, T.G.I. Friday's, Chi-Chi's and Chili's, said the executive.

The first step came last month when Red Lobster fired its advertising agency, D'Arcy-Macmanus & Masius, after seven years, and hired Backer & Spielvogel instead.

The status of Red Lobster's 3½-year-old campaign, "For the seafood lover in you," was left in doubt. As recently as last June Red Lobster officials had pledged to continue the program and the agency.

Red Lobster executives griped privately that D'Arcy was unable to spot long-range trends and develop dramatic new ideas.

"Red Lobster marketing has begun to move into a new phase in our long-term growth plan, which will require more strategic and aggressive direction," said Ray Caruso, marketing vice president. Caruso, who joined the firm from McDonald's last April, declined to elaborate.

But executives explained privately that the "seafood lover" campaign did a better job of boosting fish sales in general than it did in hooking watchers into a dinner at a Red Lobster restaurant.

Red Lobster disclosed its agency switch less than a week after the end of its second quarter which was a disappointing one.

General Mills, Red Lobster's parent, said the chain's operating profits slipped below last year's second quarter.

The conglomerate's other restaurants, however, demonstrated aggregate advances—despite York Steak House's move in September to close 22 ailing units, leaving it with 129.

The restaurant group also operates about 50 other restaurants under the Casa Gallardo, Darryl's and Good Earth banners.

General Mills attempted to reassure shareholders that Red Lobster "has a number of menu and interior design changes in test." One of those, said one source, was oyster bars. But Red Lobster has already begun emphasizing more finger foods and bar sales.

The most dramatic change for the high-ticket chain, however, may be the aggressive promotions planned for the next six months.

Ironically, Joe Lee, president of the restaurant group, has been a vehement critic of price discounting in the food-service industry. He has termed it short-sighted and counter-productive.

But it now seems clear that Red Lobster has suffered because of others' couponing.

Apparently the chain's lower middle class spenders were hard-hit by recession and have not regained the Red Lobster habit—while other chains, which stress bar sales and moderately priced entrees with low food costs, capitalized on consumers' new price resistance.

The chain's construction subsidiary has not built bright and airy facilities as it cookie-cut 30 new units a year. Greenhouses, it is thought, must be under consideration.

Initially the changes at Red Lobster will apparently be a new focus on marketing. The company will probably stress drinks, finger foods and the seafood that appeals to a newly health conscious generation.

Operationally, new physical plants and kitchens may be needed. Grills are already being systematically installed as replacements for aging broilers.

But whatever changes Red Lobster executives wring, they will have to remain subtle because of the sheer costs involved.

Red Lobster is in no danger of losing its hammer-lock on the seafood dinnerhouse market. It has no national challengers and, as a category distinguished from family steakhouses, it remains the nation's biggest dinnerhouse chain.

# *Fourth straight year of losses, Rioux exit cloud Big Bite future*

COLUMBUS, Ohio—Facing its fourth consecutive year of operating in the red, Big Bite closed 19 of 24 fast-food sandwich shops in December shortly after Charles L. Rioux resigned as president and chief executive.

Performance of the remaining five restaurants is being evaluated and a decision will be made shortly whether to keep those units open with a revamped menu or shut them down and go into another business, a Big Bite official said.

Rioux's resignation in early December fueled speculation that Big Bite was in trouble. Rioux himself told a reporter that most Big Bite units were losing money and some top executives favored closing the chain.

Chairman Richard Stimmel, however, said at that time there was no danger of Big Bite going bankrupt but admitted he was considering new products and concepts. Five restaurants had been shut down because they could not accommodate drive-thru windows, he added.

Stimmel, who has not named a replacement for Rioux and is serving as acting chief executive, noted that Big Bite has more than $2 million in the bank and owes only about $80,000.

Less than two weeks after he made these comments, however, Big Bite disclosed that most of its restaurants had been closed. The company expects "significant" fourth quarter write-offs related to the closings, an official said.

Founded in 1980, Big Bite reported mounting losses in its first three years: $15,714 in 1980, $110,000 in 1981 and $719,000 in 1982. In the first nine months of 1983, Big Bite lost $1.5 million on revenues of $4.7 million. In the third quarter, the chain lost $569,000 on $1.5 million revenues.

Big Bite went public in 1981 with an initial offering price of $13 a share. In over-the-counter trading the day the 19-unit closings were disclosed, Big Bite shares were down 75¢ to $1.875.

Rioux, a former Wendy's executive vice president, joined Big Bite in 1982 as president and chief operating officer and was named chief executive last

(Continued on page 71)

# Industry delays Labor Dept. program

WASHINGTON—Responding to restaurant industry concerns, Labor Department officials have at least temporarily sidelined a plan for strict new eligibility verification requirements for the Federal Targeted Jobs Tax Credit program.

Under current T.J.T.C. procedures, food-service operators and other employers may claim Government tax credits subsidizing up to 50% of the wages paid to certain newly hired workers who "certify" that they belong to an "economically disadvantaged" family.

New T.J.T.C. guidelines developed by the department late last year, however, would allow states to drop this "self-certification" approach and require individuals to supply proof of family income.

Business groups in and out of the food-service field caught wind of the department's plan and launched a last-minute campaign to scuttle the new eligibility verification standards.

Officials at the National Restaurant Association—one of several groups that met with Labor Department regulators late last year in an attempt to block the guidelines—predicted that tougher verification requirements would "have the potential for seriously eroding participation in the program."

A number of major chains which use T.J.T.C. wage subsidies extensively to reduce payroll costs believe that "requiring this documentation 'up front' places an unnecessary burden on prospective employees, who for a variety of reasons may not have or may be reluctant to provide these [family income] records to the Government," NRA said.

Significantly, several states have already jumped the gun on Federal verification rules by requiring teenage job applicants seeking T.J.T.C. status to produce their parent's pay stubs or W-2 tax forms to prove that their family income falls below 70% of the Labor Department's Lower Living Income Standard.

Although the Federal income verification plan would not ap-

(Continued on page 72)

# Luby's president Lahourcade takes chairman Wenglein's place as ceo

SAN ANTONIO—Luby's Cafeterias president John B. Lahourcade has taken over a chief executive officer from board chairman George H. Wenglein.

In turn, Lahourcade has passed his duties as chief operating officer to Henry O. Jones Jr., who retains his executive vice president title.

Wenglein will keep his board post.

The three are all longsanding corporate managers for Luby's, which owns and operates 68 cafeterias in Texas.

Robert M. Luby, who opened the first Luby's Cafeteria with Charles R. Johnston in 1947, retired as company chairman in 1982.

"Our policies and philosophy haven't changed a bit in 36 years," said Lahourcade. "Our main function as a cafeteria company is to provide good food in a comfortable surrounding at an affordable price."

Luby's Cafeterias are typically located convenient to shopping and business developments and residential areas.

For the fiscal year ended Aug. 31, 1983, Luby's net profit totaled $13.9 million, an increase of 20% over the $11.6 million of the previous fiscal year. Luby's fiscal $83 revenues were $144.1 million, an increase of 12% over the $129.2 million recorded in fiscal '82.

# *Sohio to buy Truckstops*

CLEVELAND—Standard Oil Co. (Ohio) has agreed to buy Nashville-based Truckstops of America, operator of 34 truckstop facilities across the nation, for more than $85 million.

Truckstops, a division of Rider Systems, lost $2 million in its last complete fiscal year as diesel fuel margins came under pressure.

At 32 of its locations Truckstops operates Country Pride 24-hour restaurants, which reportedly had been holding their own.

The restaurants average about 125 seats and $2.2 million per unit in average annual sales. Truckstops also became a Burger King franchisee in the past year, with three units, as it perceived a growing need from its core truck-driver customers for faster service.

Sohio already operates 16 of its own truckstops along various highways.

The deal between Rider and Sohio is expected to be completed before the end of this year's first quarter. Still needed for finalization is approval of both companies' boards.

## HIGHLIGHTS IN THIS ISSUE

**15** ***NRN*'s Road to the Culinary Olympics series profiles Mark Ericson, whose childhood dream—to be an apprentice at the Greenbriar—was achieved long ago. Now he trains apprentices there.**

**20** **Wine & Spirits columnist Mort Hochstein looks at how one Canadian hotel deals with the special problem that country's high liquor taxes pose for operators.**

**24** **Flakey Jake's, the fledgling "gourmet" burger chain developed by Sea Galley last May, has opened its fourth unit—a freestanding prototype in Seattle.**

**28** **To make the "perfect" french fry, Don Goldberger spent six months developing a secret three-stage frying process for use at his New York Fries operation at the South Street Seaport.**

**31** **A new program in New York allows elderly and disabled people to use food stamps in a unique way—for meals in certain restaurants.**

**54** **A consumer group has urged Federal regulatory officials to enact tougher restrictions on liquor advertising.**

**57** **When looking for a POS system, smart operators should prepare a shopping list of software first, writes *NRN* computer columnist Joel Chaban.**

### REGULAR FEATURES

Financial..... 4, 5
Opinion..... 6
Wine & Spirits..... 20
Promotions..... 44
Manufacturer News..... 51
People..... 56
New Products..... 58
Classified..... 60-70

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COMMODITIES

# *Citrus growers stunned by unexpected freeze*

**NRN Special Report**

Freezing temperatures hit the citrus growing areas of central Florida Dec. 26 and caused damage to the ripening orange crop estimated by some sources to be as high as 60% of the oranges.

Producers were calling in extra help to pick all fruit possible to process into juice. This will curtail supplies of fresh oranges, but will save much of the damaged ripe fruit, which does not immediately react to the freezing. Damage to unripe fruit, however, could cause it to fall before it reaches maturity—resulting in a total loss.

Citrus growers were bitter about lack of warning from weather forecasters. Workers were off for the Christmas holiday and couldn't be called back in time when the chill temperatures hit.

A major worry of growers is the amount of damage that may have been done to vulnerable young branches. Extensive damage could cut back crops of fruit over the next year or two. Definitive estimates of the damage by the Florida citrus authorities were not expected for a week or more, after *NRN* went to press, since agency representatives will have to tour the orchards to assay the damage.

The freeze also hit hard at the Florida strawberry and tomato fields, heralding shortages in fresh supplies of both of those crops in the weeks ahead. With threats of further freezing weather to hit the area, farmers are sharply revising production forecasts.

The bitterly cold weather held the major cattle, hog and sheep raising areas of the country in a freezing grip for over a week, with some herd and flock deaths reported, and normal marketing completely disrupted. By the end of the year, prices for all three types of red meat were up from 15% to 25% over the beginning of the month, due to the constriction of supply. The hikes are considered largely temporary, however, and prices should moderate somewhat when the freeze abates.

Another factor contributing to higher prices for several weeks after normal marketing is resumed is that the average weight of animals will be lower than usual, caused by the cold diverting the food energy into heat rather than growth. Cattle in unprotected feedlots are subjected to the same delayed gains, thus slowing marketing.

For the long term, meat prices are still expected to rise as much as 25% to 40% over last fall's low points, a result of the higher cost of feed and the cutbacks producers have made in herds. The rise was expected by early summer, but the effects of the freeze could push the effective dates up to midspring.

At the end of the year, the freeze had not darkened the future of the large winter wheat crop planted by farmers. While it will not be as large as 1982's record harvest, normal results should be as much as 4% to 5% larger than the 1983 crop. At the time of planting, prices for wheat were up, and farmers were disenchanted with the Payment In Kind (PIK) program the Federal Government had instituted last year to control surpluses. The

*(Continued on page 71)*

## *PRICE MOVEMENT AT A GLANCE*

| | Dec. 23, 1982 | Nov. 23, 1983 | Dec. 23, 1983 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.94 | $ 0.91 | $ 1.02 |
| Beans, Great Northern, dry, Nebraska (cwt.) | $15.75 | $26.00 | $29.00-31.00 |
| Broccoli, Grade A, frozen spears, Calif. (lb.) | $ 0.57-0.60 | $ 0.50-0.57 | $ 0.50-0.57 |
| Broilers, Grade A, icepack NYC (lb.) | $ 0.4606 | $ 0.6050 | $ 0.6110 |
| Cocoa, Ivory Coast, NYC (lb.) | $ 0.8328 | $ 1.0805 | $ 1.2887 |
| Coffee, green beans, Brazil, NYC (lb.) | $ 1.36 | $ 1.47 | $ 1.55 |
| Eggs, Grade A large, white, Chicago (doz.) | $ 0.705 | $ 0.90-0.94 | $ 0.99-1.01 |
| Lettuce, iceberg, California (24s) | $ 4.00-6.00 | $ 6.00 | $ 6.00-8.00 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.08 | $ 0.71 | $ 0.98 |
| Potatoes, round white, Maine (50 lb.) | $ 1.25 | $ 3.40-3.75 | $ 3.80 |

Source: *NRN* Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

# Grace gunning for 'adult' market with revamped T. J. Applebee's

**By Charles Bernstein**

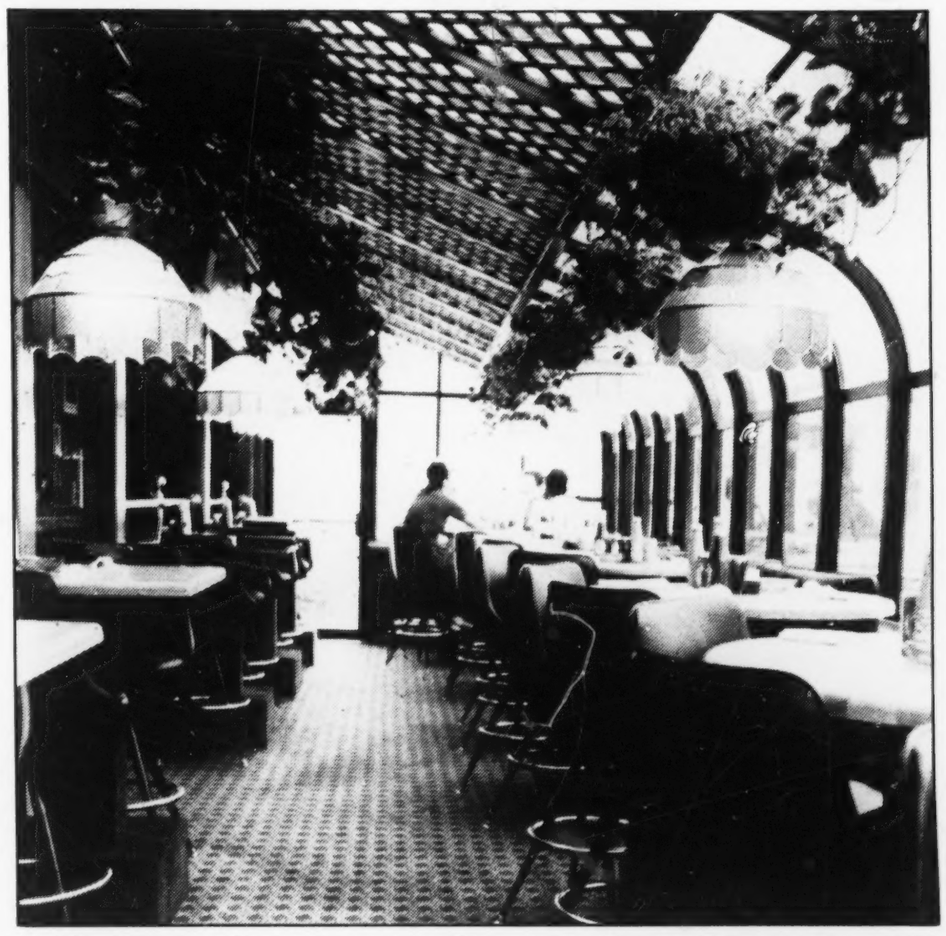
ATLANTA—Dedicated to the proposition that "smaller is better," W. R. Grace last month unveiled its newest version of an "adult fast food" casual neighborhood pub.

Called T. J. Applebee's and with some nuances over the previous three launched here, the newest one opened on a 3,100-sq.-ft. lot and only 130 seats in a shopping mall at 6649 Rosewell Road, Sandy Springs. It's Grace's answer, in nonhamburger terms to Chili's, Fuddruckers J. J. Muggs, Flakey Jake's and the host of other such "adult fast food" places that have sprung up to vie for the 21-to-49 age group "on the run" with average per-person tickets in the $5 or $6 range.

At the same time Grace is gearing its Del Taco Mexican Cafes, some 100 units converted from Del Taco, to an "adult Mexican fast food" format. Together, under the Creative Food 'N Fun banner, Grace may spin off its fast-food division (Applebee's and Del Taco), just as it has decided to spin off El Torito in a public offering.

Lou Neeb, president of Grace's fast-food division, is determined to keep Applebee's initial investment cost in land, building and equipment at $750,000.

"We want to remain small in unit size and scope so that we can open one unit every three miles [if a 75,000 population is available in that radius] and thereby be known as a local neighborhood pub rather than some kind of chain restaurant," he said. Thus, lower-cost conversions of existing restaurant sites and shopping mall locations will be emphasized.



**With the emphasis on "smaller is better," the newest T. J. Applebee's seats only 130 and resembles a neighborhood pub. Initial investment cost for the unit was only $750,000.**

Geared to no more than six or seven turns in a 15-hour day and no more than a 35-to-45 minute meal period, Applebee's maintains a 40% liquor sales ratio with a horseshoe-shaped bar strategically positioned in the center of things.

In that sense, and with some of its menu mix, though lower-priced and smaller in scope, Applebee's isn't that different from Bennigan's, Houlihan's and T.G.I. Friday's on their liquor-to-food ratios.

But the latter all steadily grew larger from their initial neighborhood tavern concepts, whereas Neeb wants Applebee's to stay the same size and keep achieving $1.5 million to $1.8 million annual sales.

*(Continued on page 54)*

New chief executive officer

# *Kozlowski succeeds McGuire at Canteen*

Robert A. Kozlowski

James T. McGuire

**By Ken Frydman**

CHICAGO—In an anticipated move, Robert A. Kozlowski has been elected chief executive officer of Canteen Corp., succeeding James T. McGuire, 65, who has become the company's vice chairman. Patrick O'Malley will remain Canteen's chairman emeritus.

Canteen's change of command was mandated by the corporate policy of its parent company, Trans World Corp. All executive officers of Trans World and its subsidiaries must retire at age 65, though board members may stay on until 70. McGuire, who has held a variety of executive posts since joining Canteen in 1940, had been the company's president and chief executive officer for more than two years. He will continue to sit on Canteen's board of directors and act as a paid consultant.

Prior to his promotion, Kozlowski, 58, was executive vice president and general manager of Canteen's food and vending division, a position he assumed in April 1983. A 34-year veteran of Canteen, Kozlowski served in many other executive positions.

McGuire's retirement and Kozlowski's ascension are unlikely to result in redirection of Canteen's marketing and business strategies. Canteen hopes to remain the nation's largest industrial food-service provider, by emphasizing its established blue-collar work force contracts and continuing a strong new push into expanding white-collar service sector.

*(Continued on page 71)*

# *Chart House, Godfather's merger final*

ITASCA, Ill.—Stockholders gave final approval to the deal merging Chart House into Godfather's Pizza late last month and concurrently to a name change for the parent from Godfather's to Diversifoods Inc. with headquarters here outside Chicago.

Diversifoods' principal officers will be William E. Trotter II, board chairman; Donald N. Smith, president and ceo; William M. Theisen, vice chairman.

Final terms of the merger resulted in conversion of each share of Chart House common stock into 1.17 shares of Godfather's common.

Diversifoods operates and franchises 1,300 restaurants.

Scott Bergren

# Bergren named Round Table president

**By Don Jeffrey**

SAN FRANCISCO—Round Table Pizza, a 375-unit, mostly franchised chain based here, has promoted 37-year-old Scott Bergren to president and chief operating officer.

Ned Deans, who was Round Table's president 2½ years, left to take a similar position at Hills Bros. Coffee. Richard Dumke, Round Table's chairman, remains chief executive officer.

Also promoted was 31-year-old Micheline Chau, to executive vice president from vice president, chief financial officer. She retains, however, the duties of chief financial officer.

Bergren was promoted from senior vice president of franchise services. He joined the company in 1979 as marketing director when there were 156 stores. At the end of 1983 there were 375 stores, all but two franchised. Systemwide sales for the year ended June 30 were $134 million.

Bergren said the company would remain heavily franchised. At one time it operated 14 of its own restaurants but executives "found it distracted us from our business: franchising," according to Bergren.

Unit expansion is pegged at 125 stores a year. Bergren said growth would be concentrated in the upper Midwest.

Round Table is a Western and Midwestern chain. Its easternmost unit is a relatively new one in Peoria, Ill.

Much of the chain's growth has been through acquiring

*(Continued on page 71)*

*FINANCIAL NEWS*

# Pancho's Mexican Buffet year-to-year profits up 41%

FORT WORTH—Pancho's Mexican Buffet Inc. reported a net profit increase of 41% to $1.16 million for the year ended Sept. 30 compared to the same period a year ago. Revenues were up 4.5% to $25.3 million.

In the fourth quarter net profits rose 13% to $439,858 while revenues jumped 18% to $7.3 million.

Hollis Taylor, president and chief executive officer, attributed the large increase in profits to several factors: maintaining customer counts after a price increase more than a year ago; real growth in sales; a 2% overall decrease in food and labor costs, and the payment of very little interest on debt.

Taylor also noted that there had been no discounting or couponing.

The company, based in Fort Worth, also reported the purchase for $1 of a former licensee, PMB Enterprises West, which operated two Pancho's Mexican Buffets and one Emiliano's Restaurante y Cantina.

Taylor said the parent company took the struggling PMB under management contract in 1979, with the stipulation that if the licensee was turned around, Pancho's could purchase it for the nominal amount.

Total volume this year at the three former PMB restaurants was about $2.75 million.

The parent company now operates 29 Pancho's, a Mexican-style cafeteria chain with average checks of $3.50 at lunch and $4.50 at dinner; three Spanish Galleon Seafood Restaurants, with check averages about $4.50 and $6.50, not including drinks, and two Emiliano's, also with $4.50 and $6.50 check averages, drinks not included.

# *Carrols Corp. net up 45% in 2nd quarter*

SYRACUSE, N.Y.—Carrols Corp., operator of 104 Burger Kings and franchisor of candy and nut shops, said it expects net profit for the quarter ended Nov. 30 will increase more than 45% over the $737,000 reported for the same period last year.

Revenues for the second quarter rose 40% to $29.7 million.

For the first six months of fiscal 1984, net profit is expected to advance more than 35% from last year's $2.2 million, according to preliminary figures. Revenues increased 43% to $62.2 million.

This year's first half covered 27 weeks, compared with 26 weeks last year. Results for this year's quarter and a half also include JoAnn's Nut House, which Carrols acquired June 1, 1983. At quarter's end, the franchised network of candy and nut shops included 119 JoAnn's and 40 Chez Chocolat units in 21 states.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Dec. 30 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.00 | 5.88 | 5.88 | -.13 | -2.08 | 7.50 | 5.00 | .06 | -.52 | -2.73 | 26.92 | .05 | .10 | N | 500.0 | -8.0 | .3 | 49.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 32.88 | 31.75 | 32.63 | .38 | 1.16 | 38.50 | 26.75 | -.15 | .10 | .49 | -40.58 | 2.52 | .49 | Q | 22.0 | 45.0 | 8.6 | 12.0 | .30 | .9 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 51.00 | 49.75 | 50.63 | -.13 | -.25 | 55.25 | 33.75 | -.05 | -.06 | 1.13 | 16.13 | 4.51 | 1.08 | F | 31.4 | -3.0 | 1.8 | 11.2 | 2.05 | 4.0 | 11-25-83 | 3056.6 | 53.7 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 13.25 | 12.25 | 13.00 | .25 | 1.96 | 18.50 | 5.84 | -.71 | .32 | 7.00 | 25.17 | .72 | .34 | F | 89.4 | -5.0 | 3.6 | 18.1 | .12 | .9 | 12-12-83 | 88.3 | 3.2 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 4.50 | 4.00 | 4.13 | -.25 | -5.71 | 9.75 | 4.00 | -.42 | -1.95 | 3.81 | 31.89 | .88 | -.28 | N | -35.4 | 32.0 | 3.7 | 8.1 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 22.75 | 21.00 | 22.75 | 1.50 | 7.06 | 26.81 | 19.41 | -.39 | 1.64 | 1.54 | -14.36 | .89 | .12 | S | 14.1 | 23.0 | 7.5 | 23.5 | .26 | 1.1 | 11-03-83 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 1.25 | 1.00 | 1.25 | .00 | .00 | 3.69 | 1.00 | -1.21 | 3.82 | -1.24 | -6.80 | .06 | 1.11 | N | NE | -84.0 | 3.1 | 5.0 | .00 | .0 | 11-02-83 | 16.1 | .5 | 1.6 | 4.85 | .84 | 1282 |
| Brock Hotel Cp | BHC | 7.00 | 6.50 | 6.63 | .00 | .00 | 11.25 | 5.38 | .12 | -.78 | .23 | -.46 | .55 | -.97 | N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.5 | 09-27-83 | 255.6 | 7.1 | 1.1 | [illegible]4 | 4.38 | 1282 |
| Calny Food | CLNY | 9.75 | 9.50 | 9.75 | .50 | 5.41 | 11.50 | 7.00 | .03 | .23 | 4.25 | -24.75 | .53 | -.03 | N | -4.9 | 8.0 | 4.6 | 16.8 | .16 | 1.6 | 11-22-83 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 4.63 | 3.75 | 4.50 | .88 | 24.14 | 8.38 | 2.50 | -1.55 | -.21 | 4.00 | -19.64 | .00 | .00 | F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 10.88 | 10.00 | 10.13 | -.50 | -4.71 | 11.88 | 3.47 | .85 | -1.39 | .35 | -28.65 | .50 | .28 | F | 127.2 | 69.0 | 3.6 | 20.3 | .06 | .6 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 20.00 | 18.75 | 18.75 | -.25 | -1.32 | 25.19 | 13.75 | -.44 | -1.86 | 1.31 | -19.63 | 1.39 | .05 | N | 3.5 | 15.0 | 4.9 | 12.9 | .40 | 2.1 | 10-18-83 | 382.0 | 18.7 | 1.0 | 6.14 | 8.75 | 1282 |
| Chi-Chi's | CHIC | 23.75 | 21.50 | 23.75 | 2.13 | 9.83 | 29.00 | 13.94 | -.47 | 1.91 | 2.44 | -8.58 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 44.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 12.75 | 12.13 | 12.13 | -.25 | -2.02 | 24.38 | 11.13 | -.18 | -1.67 | -3.98 | 3.91 | .64 | .14 | Q | 29.7 | -2.0 | 2.9 | 19.9 | .50 | 4.1 | 12-09-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 23.75 | 22.50 | 23.50 | -.13 | -.53 | 33.50 | 21.84 | -1.04 | -.41 | -1.95 | 29.60 | 2.19 | -.27 | N | -11.8 | 11.0 | 10.1 | 11.7 | .72 | 3.1 | 10-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.13 | 2.88 | 3.00 | .13 | 4.35 | 4.00 | 2.63 | .15 | -.31 | 4.12 | 15.45 | .13 | .46 | S | NE | 30.0 | 2.1 | 10.3 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.88 | 19.50 | 19.75 | .13 | .64 | 21.63 | 11.69 | -.08 | -.38 | -3.89 | 20.92 | 1.47 | .30 | S | 22.5 | 28.0 | 3.8 | 12.1 | .20 | 1.0 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 13.50 | 12.88 | 13.50 | .25 | 1.89 | 18.75 | 10.75 | -1.20 | -.12 | 1.65 | -9.16 | .26 | .30 | S | 500.0 | 40.0 | 2.5 | 42.2 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 21.00 | 18.75 | 21.00 | 1.50 | 7.69 | 27.34 | 13.19 | -.09 | -.04 | 5.89 | -5.31 | .86 | .09 | Q | 12.0 | 25.0 | 4.4 | 25.0 | .14 | .7 | 11-28-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 37.00 | 34.88 | 36.50 | 1.75 | 5.04 | 39.25 | 27.13 | -.18 | .30 | -3.74 | -14.20 | 2.54 | .13 | Q | 5.2 | 13.0 | 3.8 | 14.0 | .72 | 2.0 | 12-06-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Dunkin Donuts | DUNK | 22.63 | 21.13 | 21.38 | -1.50 | -6.56 | 28.75 | 16.25 | .01 | .17 | 2.28 | -4.99 | 1.62 | .22 | F | 15.7 | 26.0 | 9.7 | 13.2 | .28 | 1.3 | 11-01-83 | 81.6 | 7.9 | 1.2 | 12.87 | 15.97 | 1082 |
| Fast Food Oper | POPI | 2.38 | 2.25 | 2.31 | -.06 | -2.63 | 4.63 | 1.69 | -.62 | -.41 | -.80 | 12.29 | .05 | .05 | N | NC | 81.0 | 6.5 | 46.3 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 32.50 | 31.25 | 31.25 | -.88 | -2.72 | 32.94 | 11.91 | .11 | -1.12 | -2.90 | -21.79 | 1.85 | .47 | Q | 28.6 | 24.0 | 3.7 | 14.3 | .40 | 1.3 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Divfood | GFPZ | 16.88 | 15.75 | 16.38 | .25 | 1.55 | 25.50 | 14.25 | -.33 | -1.02 | -.76 | 35.42 | .65 | .06 | N | 10.0 | 110.0 | 15.8 | 24.8 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hamburg Hamlet | HAMB | 9.75 | 9.75 | 9.75 | .00 | .00 | 12.00 | 6.00 | .10 | -.29 | -9.18 | .00 | -1.10 | -2.45 | F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 56.75 | 54.75 | 56.00 | .75 | 1.36 | 60.25 | 40.13 | -.01 | .06 | -5.74 | -13.58 | 3.04 | .37 | N | 10.5 | 12.0 | 14.4 | 14.4 | 1.80 | 3.2 | 12-12-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 48.88 | 45.75 | 47.75 | -1.25 | -2.55 | 59.00 | 34.25 | -.21 | -.25 | -1.51 | -21.10 | 2.50 | .71 | N | 29.3 | 14.0 | 6.8 | 15.3 | .84 | 1.8 | 12-19-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 21.88 | 19.00 | 19.63 | -2.00 | -9.25 | 30.78 | 13.50 | -.67 | -1.53 | 5.39 | 4.21 | .70 | .46 | N | 76.6 | 80.0 | 2.8 | 18.5 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 7.75 | 7.25 | 7.50 | -.25 | -3.23 | 12.25 | 7.25 | -.04 | -.62 | .25 | 22.27 | .00 | -.78 | F | -100.0 | -6.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Imperial Grp | IMT | 2.06 | 1.81 | 2.00 | .13 | 6.67 | 2.06 | 1.56 | .02 | -.78 | 10.39 | -23.71 | .28 | -.07 | S | -19.4 | -6.0 | 2.6 | 6.9 | .11 | 5.5 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 35.75 | 35.50 | 35.50 | .25 | .71 | 40.00 | 21.25 | .01 | -.37 | 5.92 | 19.70 | 2.17 | .81 | N | 39.3 | 64.0 | 6.3 | 12.4 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 19.75 | 18.63 | 19.25 | 1.00 | 5.48 | 23.00 | 5.84 | .34 | -.89 | 2.11 | -42.34 | .92 | .86 | Q | 296.5 | 65.0 | 4.8 | 16.7 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 14.38 | 14.00 | 14.25 | .13 | .89 | 18.13 | 10.38 | .02 | -.46 | 5.62 | 31.35 | 1.00 | .07 | F | 7.5 | 19.0 | 4.1 | 14.3 | .20 | 1.4 | 08-08-83 | 53.3 | 2.2 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 18.25 | 17.75 | 17.75 | .00 | .00 | 23.13 | 16.25 | .01 | -.43 | -2.11 | 11.78 | 1.33 | .00 | Q | .0 | 20.0 | 4.6 | 13.2 | .12 | .7 | 11-04-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.50 | 4.88 | 5.38 | .00 | .00 | 10.75 | 4.25 | -.21 | -.12 | -4.50 | -31.58 | -.37 | -.54 | N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 13.00 | 12.50 | 12.50 | -.63 | -4.76 | 18.75 | 12.13 | -.60 | -1.18 | -2.60 | -.67 | .40 | .18 | S | 62.0 | 56.0 | 6.3 | 26.6 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 31.25 | 28.50 | 28.50 | -3.50 | -10.94 | 43.75 | 16.41 | -.83 | -1.81 | -3.20 | 22.60 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 18.6 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 38.50 | 35.63 | 38.13 | 2.38 | 6.64 | 38.50 | 28.00 | .28 | .61 | 5.35 | 9.44 | 1.53 | .18 | Q | 12.8 | 28.0 | 9.8 | 24.1 | .60 | 1.6 | 12-12-83 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 13.88 | 13.63 | 13.75 | .13 | .92 | 15.13 | 8.75 | -.08 | -.49 | 5.57 | 46.28 | 1.28 | .27 | S | 23.6 | 7.0 | 6.1 | 9.8 | .25 | 1.8 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 72.38 | 69.75 | 70.63 | -1.25 | -1.74 | 81.00 | 50.25 | -.15 | -.58 | -2.60 | 1.72 | 3.44 | .58 | N | 17.3 | 36.0 | 3.7 | 18.0 | .44 | .6 | 12-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 71.25 | 69.00 | 70.63 | .50 | .71 | 74.50 | 54.88 | -.02 | -.41 | -1.06 | -22.00 | 5.00 | .65 | N | 13.3 | 23.0 | 11.1 | 12.8 | 1.00 | 1.4 | 10-25-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 19.13 | 18.13 | 18.25 | -.25 | -1.35 | 21.06 | 15.94 | -.11 | -1.71 | -.27 | -18.03 | 1.34 | .21 | Q | 17.9 | 14.0 | 4.5 | 13.2 | .40 | 2.2 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 9.75 | 8.13 | 9.63 | 1.75 | 22.22 | 10.50 | 2.25 | .41 | 1.27 | 4.62 | 4.03 | .45 | 1.43 | F | NE | -27.0 | 1.1 | 21.4 | .00 | .0 | 05-29-80 | 63.8 | .7 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 3.00 | 2.75 | 2.75 | -.25 | -8.33 | 3.63 | 1.44 | -.33 | -.22 | .20 | .76 | .09 | .02 | S | 20.0 | 23.0 | 1.1 | 22.9 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 18.75 | 18.00 | 18.50 | -.25 | -1.33 | 32.75 | 14.25 | .55 | -.51 | 2.52 | -16.05 | .70 | -.02 | Q | -2.9 | 66.0 | 3.6 | 28.5 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | .08 | -.27 | -4.39 | .00 | .69 | -.81 | N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 09-08-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.75 | 6.63 | 6.63 | -1.00 | -13.11 | 8.00 | 4.75 | -.03 | -1.86 | .37 | 10.19 | .63 | .88 | F | NE | -15.0 | 2.6 | 10.5 | .00 | .0 | 02-22-82 | 76.3 | 2.0 | 1.6 | 13.11 | 4.72 | 0883 |
| Peoples Rest | PEPL | 7.38 | 6.75 | 6.88 | -.50 | -6.78 | 15.13 | 6.75 | -.49 | -.67 | 1.17 | .85 | .28 | .10 | Q | 47.6 | 106.0 | 7.5 | 22.2 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 13.25 | 13.13 | 13.25 | .13 | .95 | 18.13 | 12.75 | -.26 | -.12 | 5.26 | 48.44 | .99 | -.49 | Q | -35.5 | 3.0 | 3.9 | 14.9 | .60 | 4.5 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 14.50 | 13.00 | 14.25 | 1.00 | 7.55 | 17.50 | 5.47 | -.34 | .24 | -2.84 | 6.82 | .55 | .70 | N | 179.4 | 9.0 | 1.3 | 13.1 | .06 | .4 | 10-28-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 8.88 | 7.63 | 7.63 | -1.63 | -17.57 | 26.00 | 6.38 | -.06 | -2.59 | .28 | 17.11 | 1.27 | -1.69 | N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 21.75 | 20.13 | 21.63 | 1.00 | 4.85 | 25.25 | 15.00 | .26 | 1.22 | -4.13 | 57.20 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 18.3 | .33 | 1.5 | 12-14-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.38 | 9.88 | 10.00 | -.38 | -3.61 | 11.88 | 4.88 | -.30 | -.28 | -4.80 | -8.27 | -.73 | .15 | N | NE | -30.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 8.00 | 7.75 | 7.88 | -.13 | -1.56 | 11.38 | 5.63 | -.05 | -.74 | 1.99 | 16.10 | .77 | .12 | N | 19.3 | 37.0 | 1.8 | 10.6 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 23.50 | 22.63 | 23.25 | .00 | .00 | 28.25 | 8.25 | -.10 | -.20 | -6.71 | -1.66 | .33 | .13 | N | 40.6 | 87.0 | 10.6 | 51.7 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 32.50 | 30.00 | 31.25 | -1.13 | -3.47 | 40.25 | 19.38 | -.01 | .47 | 2.68 | -36.80 | 2.10 | .49 | Q | 28.9 | 73.0 | 2.3 | 14.3 | .36 | 1.2 | 11-14-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 9.00 | 9.00 | 9.00 | .00 | .00 | 15.50 | 9.00 | -.74 | -.31 | 4.48 | -45.71 | .70 | -.17 | Q | -21.5 | 19.0 | 4.5 | 14.5 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.50 | 7.75 | 8.13 | .25 | 3.17 | 15.00 | 7.13 | 1.25 | -.76 | -5.03 | 23.22 | .02 | -.81 | N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.50 | 15.75 | 16.00 | -.25 | -1.54 | 17.94 | 10.22 | .14 | -1.03 | -.85 | 4.23 | .67 | -.35 | N | -36.8 | 26.0 | 1.5 | 26.7 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 24.88 | 23.25 | 23.63 | -1.38 | -5.50 | 27.38 | 20.06 | -.26 | -.20 | 2.48 | -4.73 | .86 | .26 | N | 35.6 | 26.0 | 5.1 | 23.9 | .16 | .7 | 01-04-84 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 13.00 | 11.75 | 13.00 | .00 | .00 | 16.25 | 10.13 | -.23 | .81 | -1.39 | 3.82 | 1.01 | .09 | S | 9.7 | 16.0 | 4.5 | 12.9 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 9.75 | 9.25 | 9.25 | -.50 | -5.13 | 15.50 | 4.84 | -.75 | -1.09 | -3.64 | -9.97 | .48 | .45 | N | 121.6 | 18.0 | 2.6 | 11.3 | .06 | .6 | 10-11-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 16.50 | 17.50 | 1.00 | 6.06 | 22.00 | 16.50 | .12 | .93 | .67 | 33.33 | .37 | .56 | N | 90.3 | 5.0 | .9 | 14.8 | .26 | 1.5 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.75 | 4.63 | 4.63 | -.13 | -2.63 | 7.50 | 3.63 | -.05 | -1.05 | -2.28 | 10.96 | .27 | .07 | S | 29.1 | 89.0 | 3.8 | 14.9 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 9.50 | 9.13 | 9.13 | .13 | 1.39 | 10.00 | 3.44 | .20 | -1.50 | .60 | -43.54 | .29 | .11 | F | 61.1 | 44.0 | 2.0 | 31.5 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 8.13 | 7.38 | 7.75 | -.25 | -3.13 | 13.63 | 5.88 | -.12 | -1.05 | .40 | -36.43 | -2.39 | -2.27 | S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 21.25 | 20.25 | 20.75 | .38 | 1.84 | 22.00 | 13.00 | .15 | -.35 | -3.26 | -25.09 | 1.13 | .19 | N | 17.4 | 22.0 | 7.3 | 16.2 | .32 | 1.5 | 11-03-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 18.88 | 17.63 | 18.63 | 1.00 | 5.67 | 25.00 | 9.63 | -.06 | .59 | -3.28 | -2.41 | .16 | 1.44 | N | NE | -18.0 | .5 | 31.6 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.00 | 11.75 | 12.00 | -1.25 | -9.43 | 17.50 | 9.50 | .46 | .16 | 4.60 | 1.08 | .92 | -.07 | N | -6.1 | 7.0 | 3.1 | 11.3 | .16 | 1.3 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 15.88 | 15.50 | 15.63 | -.13 | -.79 | 17.13 | 10.69 | .53 | -.28 | -1.00 | -85.72 | .63 | -.03 | N | -4.7 | 11.0 | 2.6 | 26.0 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Sizzler franchisee goes public

METAIRIE, La.—An eight-unit Sizzler budget steakhouse franchisee has developed a Mexican dinnerhouse operation called Cucos, and has taken the fledgling company public.

Cucos Inc. (spelled without the apostrophe) sold at least 600,000 shares of common stock priced at $5 each to raise $3 million.

Vincent J. Liuzza Jr., the 42-year-old chairman, chief executive and president of Cucos, and other insiders came out of the public offering with two-thirds of the company's stock still in their hands.

Cucos is a chain of three restaurants serving moderately priced Sonoran-style Mexican appetizers and entrees.

But Cucos executives figure they have an edge over more established Mexican dinnerhouse competitors because Cucos operations are well-suited to converting ailing or defunct restaurants.

All of the Cucos sites, for example, were carved out of Sizzler units Liuzza operates through another company. The first Cucos opened in this New Orleans suburb June 1981 in a 3,800-sq.-ft. Sizzler steakhouse.

Proceeds from the stock sale will be used to open two more Cucos by June, with six more by June 1985. Cucos expects to franchise to current licensees of Western Steer, Pizza Inn, Ponderosa and Denny's, all of which have buildings suitable for conversion.

In the three months ended Sept. 30, Cucos posted $32,947 in net profits, a 58% gain over the year before, on a 2% revenue increase to $670,151.

# McFaddin Ventures in bid to go public

HOUSTON—McFaddin Ventures, the savvy disco operator known for the élan, Cowboy and Confetti nightclubs, has filed a plan to go public.

The company, formerly called McFaddin Kendrick, plans to sell 1.25 million shares of common stock, about a third of the firm, for $12 to $15 per share. That could raise up to $19 million, which would be used for expansion and debt repayment.

McFaddin Ventures, which also has interests in hotels, gets 75% of its sales from alcoholic beverages, 11% from cover charges and 8% from food service.

In the nine months ended Aug. 31, McFaddin posted net profit of $2.25 million, a gain of 100% over the same period a year before. Revenue at the same time jumped 40%.

The company operates 19 nightclubs, mainly in Texas, and expects 10 more this year. The first club was Todd's, opened in Houston in 1975.

McFaddin is known in the industry for rapidly changing a club's theme as fads wax and wane. It opened the first Cowboy club in Houston at the height of the country-and-Western fad, only to switch out recently to Confetti. Part of the movie "Urban Cowboy" was, in fact, filmed at the McFaddin operation.

# Taco Viva reports 1st qtr. profits up

POMPANO BEACH, Fla.—Taco Viva reported net profits of $235,000 for the first quarter ended Aug. 31, an 11% increase over the same quarter last year.

Revenues, meanwhile, were up 50% to $5.1 million.

Sales were "greater than anticipated," said president J. Brion Foulke III, because 10 new restaurants were opened during the quarter.

But Foulke added that profits were "somewhat below what we had anticipated" because of costs incurred by the Boynton Restaurant Supply subsidiary. Sales for the subsidiary were up 22%, however.

At the company's annual stockholders meeting, executives disclosed steps taken to redeploy assets and reduce overhead in order to improve profits.

These included: closing a low-volume unit acquired in the Tacos Ole merger; reducing the staff and reassigning some members into other positions; selling some industrial lots, and stopping a breakfast test that had high labor costs.

Taco Viva operates 57 fast-service Mexican-style restaurants in Florida and Georgia. It expects to open three more units during the second quarter.

# Kelly-Johnston posts 83% profit gain

OKLAHOMA CITY—Kelly-Johnston Enterprises Inc. posted an 83% gain in net profits to $1.14 million for the second quarter ended Sept. 30 compared to last year's second quarter.

Second-quarter revenue rose 115% to $21.6 million.

Six-month net was $1.87 million, up 67% over 1982's period, and revenue was $34.3 million.

Kelly-Johnston owns Duff's Enterprises which operates 34 and franchises 99 smorgasbord cafeterias in 27 states. Kelly-Johnston acquired Duff's one month into the second quarter.

Kelly-Johnston is also a franchisee of 24 Chi-Chi's Mexican dinnerhouses and it is developing a group of seafood dinnerhouses called Joe Kelly's.

Chairman Arthur M. Kelly indicated that Kelly-Johnston is imposing strict management and cost controls throughout the Duff's chain.

# Folks plans to offer stock to raise $3.9 million net

CINCINNATI—Folks Restaurants Inc., a two-unit Po Folks franchisee, has filed a plan with Government regulators to offer up to 550,000 shares of common stock priced at $8 per share in an initial public offering.

The estimated $3.9 million in net proceeds would be used to build new units. The company owns the right to develop 83 Po Folks restaurants in parts of Ohio and Pennsylvania through 1994.

The company's insiders will retain about 23% of the company's stock. Executives include veterans of Red Bull Inns, Howard Johnson's and Zim's coffee shop chain of San Francisco.

# Esteban's turns losses around, posts 3rd qtr. profit; revenues up

MINNEAPOLIS—Esteban's Mexican Foods reported net profit of $275,086 for the third quarter, ended Oct. 1, compared to a loss of $136,008 during the same period last year.

Revenues for the quarter jumped 57% to $2.8 million.

For nine months net profit was $459,944, compared to a loss of $293,083 last year, while sales were up 54% to $7.5 million.

R. Stephen Tanner, chairman and president, said restaurant sales increased 37% during the quarter. He attributed that mostly to the opening of three new units.

About 35% of total sales in the quarter were registered by the Arden Foods subsidiary, which produces a line of Charrito-brand Mexican foods and various entrees and desserts for restaurants, institutions and vending machines.

The company owns six Esteban's restaurants and franchises three others.

# Associated Hosts net profit up 84% in '83

BEVERLY HILLS, Calif.—Associated Hosts has reported fiscal 1983 net profits for the year ended Sept. 29 up 84% over last year to $3.2 million. Revenues were up 12% to $88.3 million.

For the fourth quarter net income was $943,000, compared to $144,000 during the same period last year. Revenues increased 24% to $23,104,000.

Joseph Bulasky, chairman of Associated Hosts' board, attributed the company's financial growth rate to the continued expansion of the Bombay Bicycle Clubs concept. During the fourth quarter, five additional Bombay Clubs were opened, bringing the total to 21.

"Our Bombay Bicycle Clubs are more profitable than the Smuggler's Inns they replace and are generating substantially greater revenues across the nation. We intend to continue this conversion program in fiscal 1984 and will open four or five converted units each quarter throughout the year," said Bulasky.

Associated Hosts operates 78 restaurants and three hotels in 26 states.

# Rax Restaurants doubles net profit to $20.3 million

COLUMBUS, Ohio—Rax Restaurants Inc. more than doubled first-quarter net profits from last year, scoring $1.4 million for the quarter ended Oct. 29, up from $680,000 the same time in 1982.

Revenue rose 34% to $20.3 million from last year's first quarter.

The company operates 90 and franchises 175 fast-food outlets in 27 states.

Chairman J. Pat Ross credited the advances to an 18% gain in shop-level sales. Two new menu items—the Philly Beef sandwich and Mexican-styled baked potato—were promoted during the quarter.

# Bob Evans profits up

COLUMBUS—Bob Evans Farms' restaurant division posted a 12.5% rise in net profits to $2.7 million on a 17% sales increase to $31.7 million for the second quarter ended Oct. 28 compared to the same period a year earlier.

In the first six months of fiscal 1984, the restaurant division reported an 11% increase in net profit to $5.1 million on a 16% rise in sales to $61.5 million compared to the first half of fiscal 1983.

Total net profits for the company, which also operates a sausage division, rose 20% to $4.1 million on a 6% increase in sales to $51.6 million in the second quarter. Profits rose 24% to $8.2 million on a 6% sales increase to $98.9 million in the first six months.

Five restaurants were opened in the second quarter, bringing to 101 the number in operation at the end of the first six months, compared to 86 operating a year earlier. Three additional Bob Evans family restaurants will open in the third and fourth quarters.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Associated Hosts | 12 mos.<br>3 mos. | 9/29 | | | $ 88.3<br>23.1 | 12.0<br>24.0 | $ 3.200<br>0.943 | 84.0 |
| Bob Evans Farms | 3 mos.<br>6 mos. | 10/28 | $ 31.7<br>61.5 | 17.0<br>16.0 | | | 2.700<br>5.100 | 12.5<br>11.0 |
| Carrols Corp. | 3 mos.<br>6 mos. | 11/30 | | | 29.7<br>62.2 | 40.0<br>43.0 | | |
| Chi-Chi's | 3 mos.<br>6 mos. | 10/31 | | | 37.9<br>74.3 | 59.0<br>68.0 | 4.300<br>8.000 | 83.0<br>81.0 |
| Esteban's Mex. | 3 mos.<br>9 mos. | 10/1 | 7.5 | 54.0 | 2.8 | 57.0 | 0.275<br>0.459 | |
| Kelly Johnston | 3 mos.<br>6 mos. | 9/30 | | | 21.6<br>34.3 | 115.0<br>86.0 | 1.140<br>1.870 | 83.0<br>67.0 |
| Luby's Cafeterias | 3 mos. | 11/30 | | | 38.9 | 14.0 | 3.600 | 14.0 |
| McFaddin Ventures | 9 mos. | 8/31 | | | 22.4 | 40.0 | 2.250 | 100.0 |
| Morrison | 3 mos. | 11/26 | | | 227.0 | 10.0 | 9.800 | 14.0 |
| Multifoods | 3 mos.<br>9 mos. | 11/30 | 285.0<br>783.0 | – 5.0<br>– 5.0 | | | 13.600<br>24.800 | 11.0<br>4.0 |
| Nathan's Famous | 3 mos.<br>6 mos. | 9/25<br>9/25 | | | 6.0<br>11.0 | 9.0<br>10.0 | 0.611<br>1.000 | 11.0<br>13.0 |
| Pancho's Buffet | 12 mos.<br>3 mos. | 9/30 | | | 25.3<br>7.3 | 4.5<br>18.0 | 1.160<br>0.439 | 41.0<br>13.0 |
| People's Rests. | 3 mos.<br>12 mos. | 6/26 | 27.3 | 368.0 | 11.9 | | 0.718<br>1.800 | 132.0 |
| Rax Restaurants | 3 mos. | 10/29 | | | 20.3 | 34.0 | 1.400 | |
| Taco Viva | 3 mos. | 8/31 | | | 5.1 | 50.0 | 0.235 | 11.0 |
| Western Steer | 3 mos.<br>9 mos. | 11/4 | | | 9.0<br>24.7 | 28.0<br>25.0 | 0.494<br>0.949 | 65.0<br>44.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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# Fourth in Flakey's 'gourmet chain'

MOUNTLAKE TERRACE, Wash.—Flakey Jake's has opened a prototype freestanding restaurant in Seattle, the fourth unit of the fledgling "gourmet" burger chain organized last May by Sea Galley Stores. The first three Flakey Jake's are in converted Sea Galley Stores dinnerhouses.

Meanwhile, Flakey Jake's and San Antonio-based Fuddrucker's have reached out-of-court settlements on a trademark infringement lawsuit brought by Fuddrucker's and a Flakey Jake's lawsuit charging Fuddrucker's with an antitrust law violation.

On another matter, Flakey Jake's president, Steven B. Dowen, reported that 85% of Flakey Jake's initial public stock offering was sold to Sea Galley shareholders, raising $3.5 million to finance Flakey Jake's expansion this year.

A short time later, Flakey Jake's filed a registration statement with the Securities and Exchange Commission for a proposed public offering of one million newly issued shares. This offering would raise an additional $4.3 million to develop additional restaurants.

The Seattle prototype, featuring a glassed-in butcher shop and bake shop in full view of customers, opened in late November. It has an 1890's Western decor, full liquor service and is designed to appeal primarily to adults between the ages of 25 and 44, according to Dowen.

Like other chains in the emerging "gourmet" burger segment, Flakey Jake's offers large burgers cooked to order. Flakey Jake's customers can watch kitchen workers bake hotdog and hamburger buns and dessert items such as cookies, brownies and pies in the glassed-in bakery shop in the dining room.

Next to the bakery is a "meat market" with displays of whole sides of beef that are trimmed, cut and ground into chopped meat for the burgers. Burgers are served plain, and customers help themselves to a choice of 20 fresh vegetables and toppings at a condiment bar.

Flakey Jake's units also feature an old-fashioned malt shop with hand-dipped milk shakes. Beer, wine and cocktails are served, and baked goods are sold for takeout.

Other Flakey Jake's are located in Sparks, Nev., Ocean City, Md., and West Covina, Calif., and have weekly sales volumes ranging from $25,000 to $50,000 each, depending on location. The first Flakey Jake's, which opened in May in Sparks, has annualized sales of more than $2 million and is "modestly profitable," Dowen said. Other "subpar" Sea Galley units will be converted to Flakey Jake's at a cost of $250,000 each.

In addition to burgers and desserts, Flakey Jake's menu consists of hotdogs, sandwiches, stuffed baked potatoes and side dishes. Labor costs are about 23% of sales, and food costs are about 30% of sales.

Dowen said 14 company-operated restaurants will open this year. The company has started a franchising program and recently signed franchise agreements for Tacoma, Wash., and parts of the Midwest.

Last fall, Fuddrucker's, a Texas "gourmet" burger chain, filed suit against Flakey Jake's in Spokane, Wash., alleging that Flakey Jake's violated trademark law by copying certain design elements from Fuddrucker's.

A short time later Flakey Jake's, claiming its units are unique, filed a lawsuit in Seattle charging Fuddrucker's with a violation of the Sherman Anti-Trust Act.

Both lawsuits were settled out of court with neither chain admitting liability. Fuddrucker's and Flakey Jake's agreed not to use "certain interior and exterior building motifs, advertising verbalism and other considerations," according to Dowen. "No royalty payments nor regular payments of any kind are required to be paid."

A Fuddrucker's attorney concurred with Dowen's assessment of the settlement but declined further comment.

# Hospitality seen growing in '84

NEW YORK—Professional-level hiring will increase by an average 15.9% above 1983 levels during 1984 to refortify recession-thinned staffs in the United States hospitality industry, according to a recently completed nationwide forecast survey.

### Food-service Projection

The survey was conducted by Roth Young Personnel Service Inc. More than 650 employers and 2,300 job candidates responded.

According to Roth Young president David Roth, overall 1984 hospitality salary increases will be moderate, reflecting the anticipated relatively low inflationary increases.

### Low Inflation Seen

On the restaurant/food-service side of the industry, the survey found, general managers will be in top demand, at projected median salaries from $30,660 to $36,730. Other sought-after specialists include sous chefs, at $23,380 to $25,600, and fast-food area managers, at $39,130 to $46,870.

The lodging industry will show strongest demand for chefs, at a $33,210 to $49,780 median range, food and beverage directors, at $32,480 to $38,900, general managers, at $43,500 to $52,100 and restaurant managers, at $21,380 to $25,600.

***1984 HOSPITALITY INDUSTRY SALARY OUTLOOK***

| Select High-Demand Job Title | Projected 1984 Mid-Quartile* Salaries |
|---|---|
| **Restaurant/Food Service** | |
| VP General Manager (Multi-Unit) | $65,330-$78,260 |
| Sales/Marketing Director (Chain) | $57,050-$68,340 |
| Operations Director (Chain) | $55,870-$66,920 |
| Controller (Chain) | $55,600-$66,590 |
| Regional Manager (Multi-Unit Chain) | $47,130-$56,460 |
| Area Manager (Fast-Food Chain) | $39,130-$46,870 |
| Restaurant General Manager | $30,660-$36,730 |
| Banquet Manager | $28,300-$33,890 |
| Chef | $27,500-$33,800 |
| Sous Chef | $23,380-$25,600 |
| **Lodging** | |
| VP/Operations | $55,500-$66,490 |
| General Manager | $43,500-$52,100 |
| Marketing/Advertising Director | $41,860-$50,140 |
| Construction Director | $39,580-$47,400 |
| Personnel Director | $32,480-$38,900 |
| Conference Manager | $28,890-$34,600 |
| Executive Chef** | $33,210-$49,780 |
| F & B Director | $32,480-$38,900 |
| Controller | $28,390-$34,000 |
| Purchasing Manager | $26,750-$30,840 |
| Pastry Chef | $24,470-$27,320 |
| Assistant Manager | $22,290-$26,700 |
| Restaurant Manager | $21,380-$25,600 |
| Executive Housekeeper | $20,970-$22,720 |

Source: Roth Young *1984 U.S. Salary Outlook Survey*

*Median 25% of all U.S. salaries

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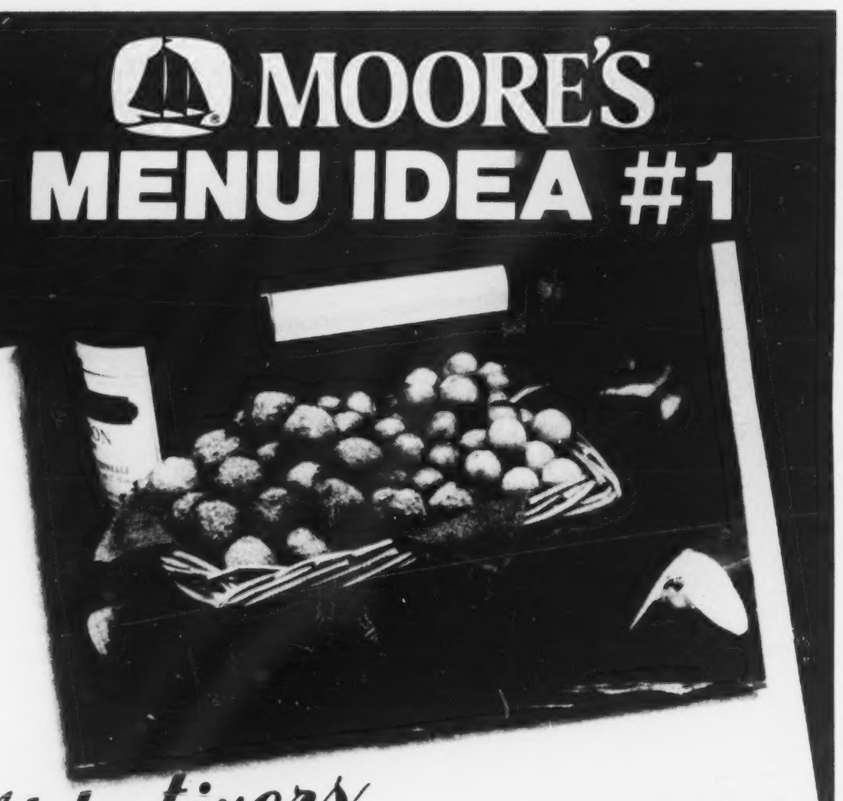

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# Servomation clicks in race track deal

STAMFORD, Conn.—Servomation Corp., a subsidiary of City Investing Co., has been awarded a 15-year food and beverage contract valued at more than $250 million at Garden State Park Racetrack, Cherry Hill, N.J.

The contract for the park, which is currently under construction and due to open in early 1985, is the largest long-term contract ever signed by Servomation.

The company will operate all foodstands and beverage stations as well as three restaurants with a combined seating capacity of 2,150. A new grandstand mezzanine restaurant at the track will accommodate 400 people, and the clubhouse will contain a conventional race track dining room for 750. A gourmet dining room will accommodate 1,000 patrons. In addition to providing and preparing for all food and beverages, Servomation will also handle staffing for all facilities.

Servomation has also signed a 13-year contract estimated at $65 million at the Rockingham Park Racetrack in Salem, N.H., and renewed its concessions and catering contract with the Jack Murphy Stadium in San Diego, Calif. The latter contract extends through 1999.

Servomation was also awarded the contract for dining service and vending at the Control Data Corp. headquartered in Minneapolis, Minn.

# Probe Cathedral Hill Hotel blaze

SAN FRANCISCO—The fire that swept through the 12-story Cathedral Hill Hotel on Dec. 19 left one person dead, 50 injured and more than $2 million damage in its wake.

Though the cause of the blaze was not identified by fire officials, arson has been ruled out. One firefighter noted that large open spaces on the hotel mezzanine, occupied by ballrooms, a restaurant and a bar, allowed the flames to spread quickly.

Mayer Diane Feinstein has asked fire officials to study whether the city's older hotels are adequately protected against fire. One recommendation is expected to be that older hotels be forced to comply with the city's fire protection standards for new structures.

An inquiry is under way at the Cathedral Hill, formerly the Jack Tar Hotel, to determine if the hotel's fire alarm system might be to blame.

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## FOOD-SERVICE PROMOTIONS

***Scoring with innovation—Pp. 37-55***

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# Ray Kroc dies at 81

**By Charles Bernstein**

SAN DIEGO—Ray Kroc, a musician, paper goods/milkshake machine salesman and baseball team owner, who parlayed a small hamburger place he opened in 1955 into an $8 billion, 7,500-unit worldwide empire, died here earlier this month of "heart failure."

He had been seriously ill and partly incapacitated since suffering a stroke four years ago. He was hospitalized Dec. 5, 1983, for treatment of diabetes and the effects of several previous strokes. But Kroc had managed to remain semiactive in the McDonald's Corp. that he loved so much and received a standing ovation from stockholders when he dramatically appeared at McD's annual meeting near Oak Brook headquarters last May.

He received numerous awards in the 1970's, including the Horatio Alger award, a special Gold Plate award from IFMA, and the NRA's Restaurateur of the Year award. But two major awards that he said he most treasured were *Nation's Restaurant News'* parent Lebhar-Friedman's Food Service Man of the Half Century in 1975 and *NRN*'s own Multi-Unit Food Service Operator (MUFSO) Pioneer Award last October—a recognition also given to the food-service industry's other greatest founder, KFC's Colonel Harland Sanders in late 1981 a few months before he died.

A full pictorial feature on Ray Kroc, his entire career and what he meant to the industry will appear in *Nation's Restaurant News'* Feb. 13 issue.

Ray Kroc revolutionized the entire industry. He alone had the foresight and courage to gamble on the premise that mass-produced hamburgers and french fries could sell on a national chain basis. He alone devised the techniques and equipment which enabled McD and so many other chains to succeed. He alone had the guts to persevere in the late 1950's when his business looked like a broken dream as bills kept piling up. And he alone had the total enthusiasm and rapport to build on the talents and loyalties of today's McD

*(Continued on page 86)*

**EMPIRE BUILDER: McD founder Ray Kroc (right) discusses plans for new unit with then president Fred Turner.**

# Burger King, McD unleash fierce price war

**Customers queue up and out the door for 39¢ burgers at this midtown Manhattan McDonald's.**

**By Charles Forman**

McDonald's and Burger King are facing off in a furious hamburger price war. This clash is the most risky and colorful in a year of continuous skirmishing between the two leading hamburger chains. (See Editor's Corner, page 6.)

At presstime, 39¢ regular size hamburger price promotions matched the two chains toe to toe in New York, Kansas City and Los Angeles. McDonald's officials in Pittsburgh had called franchisees to the regional office to discuss participation.

In Miami a Burger King headquarters spokesman said 65% of that chain's units were eventually expected to offer the discount deal for periods of four to six weeks. Some were not scheduled to begin until the end of this month.

A McDonald's corporate spokesman in Oak Brook, Ill., while declining to name markets that would participate, said the promotion was part of an "ongoing program." In what could be a warning to Burger King, she indicated the price-off hostilities would reappear, although units initially involved were to call a cease-fire Jan. 15.

The clash is almost patently designed on the part of both

*(Continued on page 86)*

# Roy Rogers hits breakfast trail

**By Joe Edwards**

BETHESDA, Md.—Roy Rogers is rolling out a weekend breakfast buffet featuring omelets, fruit-filled fritters, premise-made biscuits and many other items in 175 restaurants in the Baltimore and Washington markets.

Simultaneously, the 510-unit fast-food chain is rolling out crescent roll breakfast sandwiches in the same two markets. Both the buffets and sandwiches will be in all Baltimore and Washington area restaurants by March and systemwide by sometime in 1985.

With the addition of a well-stocked, all-you-can-eat buffet on weekends, the Marriott-owned fast-food chain has come up with a breakfast program that officials believe could help set Roys apart from the fast-food pack during the morning meal period.

Other fast-food and family-restaurant chains, including Rax, Burger King and Big Boy, have been experimenting with similar breakfast buffets in the food-service rush to add or build a morning day part. The buffet is one of five breakfast programs Roy Rogers has tested over the last three years. In some test units, the breakfast buffet was available seven days a week and was priced about 90¢ less than the current $3.89 charge.

Roy's breakfast buffet is available in company-owned

*(Continued on page 86)*

# Pioneer recasts strategy to win back market share

**By Richard Martin**

LOS ANGELES—O. J. Simpson may soon be driving through chicken restaurants instead of running through airports, as Pioneer Take-Out Corp. unveils its newly forged strategy for recapturing dwindling market share in the West.

The actor, announcer and former star running back has been signed to a three-year deal as Pioneer's multimedia pitchman—a key element of the 327-unit fried chicken chain's plan for emerging from successive years of flat sales, which have hovered at the $100 million mark since 1982.

Threatened by Kentucky Fried Chicken's gains from introduction of fresh biscuits, and the diversification of mainstream fast feeders into chicken, Pioneer plans to fight back with a systemwide rollout by early March of three new items: A fresh-made buttermilk biscuit, a hot 'n spicy chicken variety, and a spicy rice item containing jalapeno pepper and

*(Continued on page 85)*

## LATE NEWSBREAKS

**USACafes, Dallas-based franchisor of 565 Bonanzas, has purchased 36% of Shakey's and acquired development rights in five states and Canada from two Sacramento Shakey's franchisees who had just acquired the pizza chain from Hunt International (see earlier USACafes story, pg. 2).**

**Jerrico apparently is poised to jump into the Italian dinnerhouse field with a proposed acquisition of Los Angeles-based Restaurant Concepts of America.**

**Financially troubled Pizza Time Theatre says it will report a substantial fourth-quarter loss and that cumulative 1983 losses have placed its ratios in noncompliance with bank loan stipulations.**

**Baskin-Robbins, based in Glendale, Calif., has promoted financial vice president Ronald Marley to president and coo. Robert Hudecek continues as ceo and moves from president to chairman.**

# Federal buildings opened to fast-food chains

By Laura Wooda

WASHINGTON—The Reagan Administration has launched an experimental program to open up space in Federal office buildings to fast-food operators and other large restaurant chains, starting next month.

First official word of the Government's new food-service private sector initiative surfaced earlier this month via a General Services Administration advertisement in the *Washington Post* soliciting bids from "nationally recognized food-service firms" to lease space for a restaurant in the G.S.A. headquarters building.

That offer prompted "strong interest" from a number of major chains, including Marriott, Burger King and Pizza Hut, agency officials told *Nation's Restaurant News*.

Other chains interested in the G.S.A. food-service contract are about out of time, however: the agency plans to open sealed bids for the operation at 3 p.m. on Feb. 1.

According to Federal real estate specialist Michael Ziskind, the G.S.A. building restaurant is "just the tip of the iceberg." If the pilot project is a success, the Government hopes to place commercial restaurants in 10 other agencies across the country by the year's end.

The potential market, however, is much larger, as there are thousands of Federal buildings nationwide with existing cafeterias or a need for on-site, food-service facilities, he said.

The decision to let a private restaurant chain run a Government food-service operation was prompted by the Government's desire to "get a good return" on its land, Ziskind told *Nation's Restaurant News*.

In Washington, D.C. alone many of the present 38 Government cafeterias have been losing money during recent years, Ziskind explained.

Only about one-third of the G.S.A. building's 2800 employees patronized the cafeteria daily, and the average check is less than $1.25, Ziskind added.

When the Reagan Administration adopted its "no free lunch" policy, G.S.A. decided to put the cafeterias up for competitive bid starting with those in Washington, D.C., Government officials said.

However, until now the bidding has been between Guest Services Inc., a nonprofit corporation that has been operating the Washington, D.C.-based Government cafeterias for the last 50 years, and other traditional food-service contractors.

At presstime, G.S.A. had turned over eight of the GSI-

*(Continued on page 85)*

**Jeff Rogers, president of USACafes (above, right) and Bonanza's new "lighter, brighter looking" facade.**

## Franchise deal spurs Bonanza growth

By Ken Frydman

DALLAS—USACafes, Bonanza's new multiconcept restaurant franchisor, has sold area development rights for 75 Bonanza budget steakhouses in seven states. The move represents the first major growth of USACafes and Bonanza International's most extensive franchise territory expansion in seven years.

This franchise expansion plan is also the latest chapter in Bonanza's turnaround efforts. It follows a systemwide remodeling program and installation of the 60-item Freshtastiks food bar, and refinancing through a split of the company into Bonanza, a separate real estate and development company, and USACafes.

The split has allowed Bonanza to transfer much of its $37 million in long-term capitalized lease debt from the restaurant operation's balance sheet to the new real estate and development company.

Bonanza has tossed its excess ballast overboard and begun anew with USACafes. The 75 new units—in California, Hawaii, Idaho, Oregon, Florida, Alabama and Georgia are scheduled to open over the next three years. Forty of the 75 Bonanzas will open in California, part of the Far West budget steakhouse market traditionally dominated by Collins Foods' Sizzler Family Steak House chain. Of Sizzler's 456 units, 185 are located in California alone.

"If we don't compete head-to-head with Sizzler, our new units will close," said USACafes president Jeff Rogers, the former president of Bonanza.

Sizzler, with its $6-per-person check average and upgraded menu design, is on the high end of the budget steakhouse segment; in upscaling Bonanza, Rogers and crew have added the remodeling program Freshtastiks, and low-cost food items like chicken and fish to the red meat menu concept.

*(Continued on page 86)*

## Wyly offers $4 million deal to take Bonanza private

DALLAS—Texas tycoon Sam Wyly has revived his attempt to take Bonanza International Inc. private by offering to buy the 48% of the company's stock his family doesn't already own.

Since Wyly first proposed taking Bonanza private a year ago, the company has changed dramatically. It is no longer a restaurant company because franchising operations for the 565-unit steakhouse chain were transferred to USACafes in October.

Bonanza is now a real-estate investment company. Its chief assets are $37 million worth of capitalized leases left over from the chain's contractions in recent years.

Wyly proposes to buy the 2.3 million shares of Bonanza he doesn't already control by issuing $2 worth of 10%-coupon, eight-year subordinated debentures for every share.

At a recent price of $1.125 for Bonanza stock, the deal is valued at $4.6 million.

Shareholders, in effect, would be earning a 17.7% interest rate when their equity is converted to debt.

For his part, Wyly will be getting a company with a net worth of just under $6 million for the bargain price of $4.6 million.

There is no doubt Wyly can succeed if he wants to. He, after all, owns 52% of the votes.

Last year's plan was scotched when Bonanza's stock price, spurred by recovering restaurant operations, ticked upward. In addition, Wyly at the time was involved in taking two hi-tech companies public.

By taking Bonanza private, investor attention will be focused on USACafes, of which Wyly continues to control 52%.

## Luther's Bar-B-Que slates massive expansion

By Dave Zuckerman

ATLANTA—Luther's Bar-B-Que, carving a niche as the leader in the lower-priced barbecue chain market, hopes to be in more than 30 states with over 140 units by the end of 1984.

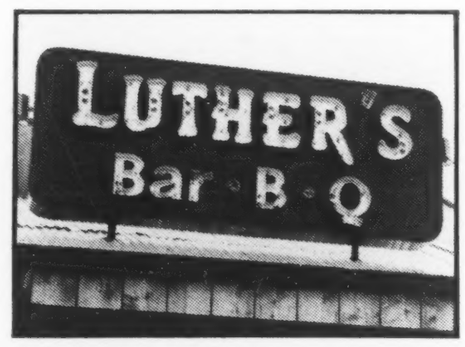
The subsidiary of Diversifoods Inc. (formed this month when Chart House merged with Godfather's) is undergoing a rapid acceleration of unit growth that could more than triple its size by year-end, according to company sources.

Currently over 40 units strong, Luther's is projecting 104 more openings this year. It and Godfather's Pizza are now the chief expansion vehicles for Diversifoods, which operates and franchises over 1,300 restaurants.

At this time, according to a company spokesman, Luther's views its main competition as coming from the "regional mom-and-pop barbecue operations" that have long been popular throughout the South. However, the spokesman said, there are currently no other national chains in the field.

With an eye toward the 25-49 "adult" market, Luther's has already begun its expansion push. New restaurants have opened over the past month-and-a-half in Virginia Beach, Va., San Antonio, and Atlanta. At presstime, a second Atlanta unit and one in Hampton Beach, Va., were about to open for business.

The seeds of Luther's expansion have been germinating for months now, since Donald N. Smith left PepsiCo Food Service to become president and ceo of Chart House (he now holds the same titles with the newly formed Diversifoods).




**Luther's expansion will triple its size by 1985.**

Smith brought in Everett F. Jefferson as president and ceo of Luther's and R. Victor Woods as vice president of real estate and development. The two former Smith Teammates at PepsiCo were chosen specifically for "their experience with

*(Continued on page 85)*

## Sambo's Luckey in race for Church's presidency

SAN ANTONIO—Robert Luckey, Sambo's chairman and chief executive officer for the last two years, is a candidate for the presidency of Church's Fried Chicken, vacant since Roger Harvin resigned last fall.

When asked about Luckey, Church's chairman and ceo J. David Bamberger confirmed that he was being considered for the position. He said there were some "very high-profile candidates" but declined to give names.

Bamberger says he intends to remain chairman and ceo, while the new president will be chief operating officer.

Luckey could not be reached for comment. He left Chart House as president and ceo in early 1982 after nearly two decades there to become the head of the problem-ridden Sambo's. A judge recently placed Sambo's, which remains in Chapter 11, under a trustee's control. Luckey and other Sambo's executives have been considering other industry opportunities.

Meanwhile Church's has named James (Buddy) Parker executive vice president, a post he resigned last summer because of "philosophical differences" with Harvin. Bamberger says he asked him to return.

Another new appointment at Church's is Joseph Rock as accounting services vice president. Rock has been carrying out chief financial officer duties since William Storm resigned.

## HIGHLIGHTS IN THIS ISSUE

**6** The burger price war between McDonald's and Burger King clearly demonstrates the public's appetite for lower prices, writes *NRN* editor Charles Bernstein.

**17** Chef Marcus Bosiger of the Westin Galleria hotel in Dallas gives 110% of himself to his profession and to the American Culinary Olympic Team.

**24** Saga Corp. has reached an agreement with Marriott Hotels to provide custom-built upscale restaurants adjacent to the new Quality Choice Suites.

**29** Guest columnist Herbert P. Bearak explains how one crooked bartender really "set up" the restaurant he worked for.

**33** An operator should never underestimate the negative effects of bad wine service, warns Wine & Spirits columnist Mort Hochstein.

**35** A dangerous rift is widening between the restaurant associations of New York and New Jersey over the location of the latter's 1984 trade show.

**56** The U.S.D.A. will be conducting fast-food nutrient studies on the menu items served at four Mexican-American chains in Tucson.

**60** Expenditures on food away from home rose 12% from the second quarter of 1982 to mid-1983, according to U.S.D.A. figures.

### REGULAR FEATURES

Financial ..... 4, 5
Opinion ..... 6
Road to the Culinary Olympics ..... 17
Wine & Spirits ..... 33
Inside Purchasing .... 56b
People ..... 66
Food Cost Controls .... 68
Manufacturer News .... 71
New Products ..... 72
Classified ..... 75-84

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Colombian Coffee regional card, pages 52a & b
Laprino regional insert, pages 56c & d
Laprino regional card, pages 56e & f

Vol. 18, No. 3 January 30, 1984

FINANCIAL NEWS

# Frisco Maxwell's Plum files Chap. 11 petition

SAN FRANCISCO—Maxwell's International, a subsidiary of financially troubled Hardwicke Companies of Miami, has filed a Chapter 11 reorganization petition on its still-open Maxwell's Plum restaurant here.

Hardwicke had previously filed its own Chapter 11 petition, after getting into financial difficulty in an aborted effort to open a casino in Atlantic City. Hardwicke owns eight restaurants, mostly on the East Coast, and a health resort in Florida. It also has a 50% non-management interest in the original Maxwell's Plum and Tavern on the Green restaurants, both in New York City.

The San Francisco Maxwell's Plum, a neo-Victorian showplace which opened in May 1981 at a cost of some $8 million, has reputedly been one of the highest-grossing Bay Area restaurants. But shortfalls from initial volume projections and high overhead have made adequate return on its hefty startup investment continually problematic and volume has slumped.

# *Shoney's profit up 30% in fiscal 1983*

NASHVILLE—Shoney's net profit in the fiscal year ended Oct. 30 went up 30% to $23 million, due to increases in average unit volumes, the company said.

Revenues rose 18% to nearly $398 million.

The profit margin was 5.8%, the highest level in 10 years, said financial vice president Taylor Henry Jr.

Average unit sales for stores open all year increased 9.6%. After deducting average menu price increases of 3.3%, the real sales gain for the year was 6.3%.

At year-end Shoney's Inc. operated 1,054 restaurants: 390 Shoney's, 426 Captain D's, 230 Lee's Famous Recipe Fried Chicken and eight specialty restaurants.

Average unit volumes for the year were: Shoney's, $1.2 million; Captain D's, $525,000; Lee's Famous Recipe, $442,000, and the specialty restaurants, $1.9 million.

## Nathan's net reaches $600G in 2nd quarter

NEW YORK—Nathan's Famous Inc. reported an 11% increase in net income, from $549,000 to $611,501, for the second quarter ended Sept. 25, compared to the same period last year.

Revenues for the period rose 9% from $5.5 million to $6 million.

For the 26 weeks ended the same date, profits rose 13% from $908,246 to $1 million.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Jan. 13 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| | | | | | Change | | 52-Week | | | | | | | | | | | | | | | | | | | | |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 5.88 | 5.38 | 5.50 | -.25 | -4.35 | 7.50 | 5.00 | -.22 | -1.94 | 4.18 | 55.66 | -1.96 | -2.01 | F | -20.0 | -42.0 | -12.9 | NE | .00 | 0 | 01-06-81 | 37.9 | -4.9 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 36.00 | 33.13 | 35.38 | 1.88 | 5.60 | 38.50 | 27.00 | .05 | .98 | -3.80 | -9.23 | 2.52 | .49 | Q | 22.0 | 45.0 | 8.6 | 13.1 | .30 | .8 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 53.75 | 50.63 | 53.38 | 2.38 | 4.66 | 55.25 | 33.75 | -.12 | .78 | .12 | 10.69 | 4.37 | 1.08 | F | 32.8 | -4.0 | 1.7 | 12.2 | 2.05 | 3.8 | 11-25-83 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.75 | 12.50 | 13.75 | .75 | 5.77 | 18.50 | 6.59 | -.34 | 1.16 | 4.51 | 7.53 | .72 | .34 | F | 89.4 | -5.0 | 3.6 | 19.1 | .12 | .9 | 12-12-83 | 88.3 | 3.2 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 4.75 | 4.25 | 4.38 | .00 | .00 | 9.75 | 4.00 | -.16 | -.42 | -.91 | -24.94 | .88 | -.28 | N | -35.4 | 32.0 | 3.7 | 8.6 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 23.75 | 22.50 | 23.25 | .50 | 2.20 | 26.81 | 19.41 | -.03 | .20 | -2.49 | 28.04 | .89 | .12 | S | 14.1 | 23.0 | 7.5 | 24.0 | .26 | 1.1 | 11-03-83 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 1.25 | 1.13 | 1.13 | -.13 | -10.00 | 3.69 | 1.00 | -.70 | -1.64 | .67 | -11.00 | .06 | 1.11 | N | NE | -84.0 | 3.1 | 4.5 | .00 | .0 | 11-02-83 | 16.1 | .5 | 1.6 | 4.85 | .84 | 1282 |
| Brock Hotel Cp | BHC | 7.50 | 6.75 | 7.25 | .50 | 7.41 | 11.25 | 5.38 | -.02 | .00 | -1.13 | -16.17 | .55 | -.97 | N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.4 | 09-27-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 10.75 | 9.75 | 10.75 | 1.00 | 10.26 | 11.50 | 7.84 | .30 | .23 | 2.51 | 42.82 | .53 | -.03 | N | -4.9 | 8.0 | 4.6 | 18.5 | .16 | 1.5 | 11-22-83 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 5.00 | 4.75 | 4.75 | -.25 | -5.00 | 8.38 | 2.63 | -.21 | -.91 | -3.23 | 13.50 | .00 | .00 | F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 10.38 | 9.25 | 9.88 | -.25 | -2.47 | 11.88 | 3.47 | -.09 | -.03 | -4.40 | -24.24 | .50 | .26 | Q | 83.8 | 99.0 | 3.6 | 17.3 | .05 | .5 | 12-23-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chi-Chi's | CHIC | 24.88 | 23.38 | 23.38 | -.25 | -1.06 | 29.00 | 13.94 | .26 | -1.29 | -2.44 | -3.44 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 44.1 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 12.63 | 12.13 | 12.25 | .00 | .00 | 24.38 | 11.13 | -.09 | .26 | -.33 | -28.13 | .64 | .14 | Q | 29.7 | -2.0 | 2.9 | 20.1 | .50 | 4.1 | 12-09-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 26.38 | 23.88 | 26.00 | 1.50 | 6.12 | 33.50 | 21.84 | -.52 | 1.48 | 1.25 | 23.85 | 2.19 | -.27 | N | -11.8 | 11.0 | 10.1 | 12.9 | .72 | 2.8 | 01-23-84 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.38 | 3.13 | 3.38 | .38 | 12.50 | 4.00 | 2.63 | .21 | .94 | .78 | -39.38 | .13 | .46 | S | NE | 30.0 | 2.1 | 11.6 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 21.25 | 19.50 | 20.63 | 1.13 | 5.77 | 21.63 | 11.69 | .22 | .26 | 1.29 | -1.51 | 1.47 | .30 | S | 22.5 | 28.0 | 3.8 | 12.7 | .20 | 1.0 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 14.88 | 13.38 | 14.50 | .88 | 6.42 | 18.75 | 11.88 | -.01 | .00 | -1.50 | -37.26 | .26 | .30 | S | 500.0 | 40.0 | 2.5 | 45.3 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 21.25 | 20.25 | 20.25 | -1.00 | -4.71 | 27.34 | 13.19 | -.05 | -.90 | 1.25 | -16.94 | .86 | .09 | Q | 12.0 | 25.0 | 4.4 | 24.1 | .14 | .7 | 11-28-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 37.25 | 34.50 | 34.88 | -1.63 | -4.45 | 39.25 | 27.13 | -.27 | -.10 | -3.50 | -40.88 | 2.54 | .13 | Q | 5.2 | 13.0 | 3.8 | 13.4 | .72 | 2.1 | 12-06-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 19.13 | 17.13 | 17.75 | .63 | 3.65 | 25.50 | 15.75 | .27 | -1.57 | 2.31 | 50.60 | .65 | .06 | N | 10.0 | 110.0 | 15.8 | 26.9 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 23.75 | 22.25 | 22.75 | -.13 | -.55 | 28.75 | 16.25 | -.27 | -.72 | 3.08 | -7.60 | 1.62 | .22 | F | 15.7 | 26.0 | 9.7 | 14.0 | .28 | 1.2 | 11-01-83 | 81.6 | 7.9 | 1.2 | 12.87 | 15.97 | 1082 |
| Fast Food Oper | POPI | 2.25 | 2.13 | 2.19 | -.06 | -2.78 | 4.63 | 1.69 | -.52 | .00 | -1.49 | 29.03 | .05 | .05 | N | NC | 81.0 | 6.5 | 43.8 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 32.75 | 29.63 | 32.00 | 1.00 | 3.23 | 32.94 | 12.38 | -.12 | .94 | 3.63 | -.56 | 1.85 | .77 | S | 51.3 | 25.0 | 3.7 | 14.1 | .40 | 1.3 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Hambrg Hamlet | HAMB | 9.75 | 9.75 | 9.75 | .00 | .00 | 12.00 | 6.75 | -.06 | .23 | 7.12 | .00 | -1.10 | -2.11 | Q | -185.0 | -33.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 58.00 | 55.75 | 55.88 | -1.13 | -1.97 | 60.25 | 40.13 | -.15 | -.23 | -1.00 | -30.68 | 3.04 | .37 | N | 10.5 | 12.0 | 14.4 | 14.4 | 1.80 | 3.2 | 12-12-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 51.75 | 47.38 | 50.38 | 2.88 | 6.05 | 59.00 | 34.25 | -.15 | -.14 | .52 | -12.65 | 2.50 | .71 | N | 29.3 | 14.0 | 6.8 | 16.1 | .84 | 1.7 | 12-19-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 20.88 | 18.00 | 20.25 | .63 | 3.18 | 30.78 | 14.22 | -.69 | -.30 | -1.73 | -37.43 | .70 | .46 | N | 76.6 | 80.0 | 2.8 | 19.1 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 8.00 | 6.50 | 8.00 | 1.00 | 14.29 | 12.25 | 6.50 | -.19 | .79 | 3.23 | -11.34 | .00 | -.79 | Q | -114.4 | -16.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Imperial Grp | IMT | 2.19 | 2.00 | 2.13 | .13 | 6.25 | 2.19 | 1.56 | .12 | .77 | 3.79 | 51.90 | .28 | -.07 | S | -19.4 | -6.0 | 2.6 | 7.3 | .11 | 5.2 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 36.25 | 35.50 | 36.25 | .75 | 2.11 | 40.00 | 23.75 | -.02 | .53 | 1.20 | -10.71 | 2.17 | .81 | N | 39.3 | 64.0 | 6.3 | 12.6 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 20.50 | 19.25 | 19.50 | .13 | .65 | 23.00 | 5.94 | .27 | -.21 | 1.00 | 16.76 | .92 | .94 | S | 241.0 | 63.0 | 4.8 | 14.7 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 16.00 | 14.13 | 15.75 | 1.63 | 11.50 | 18.13 | 10.50 | .36 | .06 | 1.85 | 18.51 | 1.00 | .06 | Q | 6.2 | 22.0 | 4.1 | 15.4 | .20 | 1.3 | 10-31-83 | 53.3 | 2.2 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 17.88 | 16.50 | 16.50 | -1.25 | -7.04 | 23.13 | 16.25 | -.51 | .06 | -1.17 | 22.45 | 1.33 | .00 | Q | .0 | 20.0 | 4.6 | 12.3 | .12 | .7 | 11-04-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.63 | 5.25 | 5.63 | .13 | 2.27 | 10.75 | 4.38 | -.10 | .86 | .11 | 36.79 | -.37 | -.54 | N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 14.25 | 11.88 | 13.75 | 1.75 | 14.58 | 18.75 | 11.88 | -.36 | -.52 | -1.55 | -21.52 | .40 | .18 | S | 62.0 | 56.0 | 6.3 | 29.3 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 31.75 | 28.25 | 31.63 | 3.13 | 10.96 | 43.75 | 16.59 | -.55 | 2.25 | -.18 | -5.46 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 20.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 39.75 | 37.38 | 39.25 | 1.38 | 3.63 | 39.75 | 28.00 | .33 | .92 | 4.73 | -2.50 | 1.53 | .18 | Q | 12.8 | 28.0 | 9.8 | 24.8 | .60 | 1.5 | 12-12-83 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 14.88 | 13.75 | 14.88 | 1.00 | 7.21 | 15.13 | 9.63 | .01 | 2.30 | .83 | -7.59 | 1.28 | .27 | S | 23.6 | 7.0 | 6.1 | 10.5 | .25 | 1.7 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 76.00 | 70.50 | 75.25 | 4.00 | 5.61 | 81.00 | 50.25 | -.14 | .45 | -3.05 | 14.30 | 3.44 | .58 | N | 17.3 | 36.0 | 3.7 | 19.1 | .44 | .6 | 12-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 72.63 | 67.63 | 68.00 | -2.50 | -3.55 | 74.50 | 54.88 | -.21 | -.45 | 1.29 | -22.42 | 5.00 | .65 | N | 13.3 | 23.0 | 11.1 | 12.3 | 1.00 | 1.5 | 10-25-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 18.63 | 17.38 | 18.50 | .38 | 2.07 | 21.06 | 16.06 | -.16 | .24 | 1.02 | -12.39 | 1.34 | .19 | S | 15.4 | 13.0 | 4.5 | 13.0 | .40 | 2.2 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 10.00 | 9.63 | 9.88 | .25 | 2.60 | 10.50 | 2.25 | .55 | .22 | 3.17 | 4.95 | .45 | 1.43 | F | NE | -27.0 | 1.1 | 21.9 | .00 | .0 | 05-29-80 | 63.8 | .7 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.75 | 2.75 | 2.75 | .00 | .00 | 3.63 | 1.44 | -.69 | .23 | -1.27 | -28.13 | .09 | .02 | S | 20.0 | 23.0 | 1.1 | 22.9 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 20.25 | 18.75 | 19.00 | .00 | .00 | 32.75 | 14.25 | .59 | -1.33 | -4.93 | -13.17 | .70 | -.02 | Q | -2.9 | 66.0 | 3.6 | 29.2 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | -.07 | .22 | 4.57 | .00 | .69 | -.81 | N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 12-08-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.25 | 6.00 | 6.38 | .38 | 6.25 | 8.00 | 4.75 | -.62 | -1.17 | -2.63 | -17.98 | .63 | .88 | F | NE | -15.0 | 2.6 | 10.1 | .00 | .0 | 02-22-82 | 76.3 | 2.0 | 1.6 | 13.11 | 4.72 | 0883 |
| Peoples Rest | PEPL | 8.13 | 6.75 | 7.88 | .50 | 6.78 | 15.13 | 6.75 | -.04 | 2.57 | 1.77 | 41.45 | .28 | .10 | Q | 47.6 | 106.0 | 7.5 | 25.4 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 14.00 | 13.63 | 14.00 | .63 | 4.67 | 18.13 | 12.75 | .18 | .20 | -.03 | 9.04 | .99 | -.49 | Q | -35.5 | 3.0 | 3.9 | 15.7 | .60 | 4.3 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 14.50 | 13.63 | 13.75 | -.38 | -2.65 | 17.50 | 6.72 | -.23 | -1.14 | -1.95 | -1.21 | .55 | .70 | N | 179.4 | 9.0 | 1.3 | 12.6 | .08 | .6 | 01-10-84 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 8.38 | 7.00 | 7.00 | -.63 | -8.20 | 26.00 | 6.38 | -.38 | -1.69 | -.89 | 23.06 | 1.27 | -1.69 | N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 24.50 | 21.25 | 24.50 | 3.38 | 15.98 | 25.25 | 15.00 | .42 | 2.52 | -1.79 | 37.52 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 20.8 | .33 | 1.3 | 12-14-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.00 | 9.75 | 10.38 | .50 | 5.06 | 11.88 | 5.63 | -.15 | -.48 | .28 | -13.84 | -.73 | .15 | N | NE | -30.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 18.75 | 18.00 | 18.00 | .25 | 1.41 | 23.25 | .00 | -.35 | -.73 | 3.15 | -11.31 | .57 | .63 | Q | NC | 57.0 | 3.8 | 28.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 8.38 | 7.88 | 8.25 | .50 | 6.45 | 11.38 | 6.13 | -.17 | .93 | -2.25 | 28.23 | .77 | .12 | N | 19.3 | 37.0 | 1.8 | 11.1 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 23.75 | 23.00 | 23.25 | .00 | .00 | 28.25 | 9.44 | -.15 | .42 | -3.80 | 9.91 | .33 | .13 | N | 40.6 | 87.0 | 10.6 | 51.7 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 31.50 | 29.00 | 29.13 | -2.13 | -6.80 | 40.25 | 19.88 | -.48 | -.72 | 4.74 | 34.15 | 2.10 | .49 | Q | 28.9 | 73.0 | 2.3 | 13.4 | .36 | 1.2 | 11-14-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 10.13 | 9.00 | 9.50 | .50 | 5.56 | 15.50 | 9.00 | -.03 | -1.19 | 3.08 | 6.86 | .70 | -.17 | Q | -21.5 | 19.0 | 4.5 | 15.3 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.75 | 8.00 | 8.00 | -.75 | -8.57 | 15.00 | 7.38 | .09 | -1.43 | -1.68 | 5.03 | .02 | -.81 | N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.25 | 15.25 | 16.00 | .00 | .00 | 17.94 | 10.91 | -.28 | 1.00 | .38 | 22.28 | .67 | -.35 | N | -36.8 | 26.0 | 1.5 | 26.7 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 25.50 | 23.25 | 25.50 | 2.00 | 8.51 | 27.38 | 20.06 | -.34 | 1.68 | .56 | 8.04 | 1.17 | .46 | F | 64.7 | 31.0 | 5.9 | 21.8 | .16 | .6 | 01-04-84 | 397.8 | 23.4 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 13.00 | 12.38 | 12.38 | -.13 | -1.00 | 16.25 | 10.13 | -.40 | -.82 | -2.28 | 19.67 | 1.01 | .09 | S | 9.7 | 16.0 | 4.5 | 12.3 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 9.75 | 9.25 | 9.75 | .25 | 2.63 | 15.50 | 5.50 | -.64 | 1.02 | 2.23 | 2.13 | .48 | .45 | N | 121.6 | 18.0 | 2.6 | 11.9 | .06 | .6 | 10-11-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | .21 | .23 | -7.58 | 50.00 | .37 | .56 | N | 90.3 | 5.0 | .9 | 14.8 | .26 | 1.5 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 5.13 | 4.88 | 5.00 | .50 | 11.11 | 7.50 | 4.38 | .05 | -.62 | 1.87 | -23.24 | .27 | .07 | S | 29.1 | 89.0 | 3.8 | 16.1 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 9.13 | 8.75 | 9.00 | -.13 | -1.37 | 10.00 | 3.50 | -.03 | -.18 | -.27 | 32.69 | .29 | .11 | F | 61.1 | 44.0 | 2.0 | 31.0 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 7.88 | 7.38 | 7.38 | -.25 | -3.28 | 13.63 | 6.13 | -.79 | -.34 | -7.89 | -11.10 | -2.39 | -2.27 | S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 21.75 | 20.38 | 20.38 | -.50 | -2.40 | 22.00 | 13.00 | -.09 | -.83 | -1.86 | -32.51 | 1.13 | .19 | N | 17.4 | 22.0 | 7.3 | 15.9 | .32 | 1.6 | 11-03-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 21.50 | 18.75 | 21.13 | 2.13 | 11.18 | 25.00 | 10.13 | .35 | 1.18 | 8.97 | -54.99 | .16 | 1.44 | N | NE | -18.0 | .5 | 35.8 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 11.75 | 11.75 | 11.75 | .00 | .00 | 17.50 | 9.50 | -.39 | .16 | -4.05 | -25.76 | .92 | -.07 | N | -6.1 | 7.0 | 3.1 | 11.1 | .16 | 1.4 | 11-18-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 15.50 | 14.88 | 14.88 | -.63 | -4.03 | 17.13 | 11.53 | -.25 | -.54 | -3.91 | -5.20 | .63 | -.03 | N | -4.7 | 11.0 | 2.6 | 24.8 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Carrols achieves 52% profit gain

SYRACUSE—Carrols Corp., operator of more than 100 Burger Kings and the country's second-largest franchisor of candy and nut shops, said net profits for the second quarter ended Nov. 30 jumped 52% from the year-earlier-quarter to $1.1 million on revenues that rose 40% to $29.8 million.

Net profits for the first half were up 37% to $3 million while revenues rose 43% to $62.3 million over the prior year. This year's first half covered 27 weeks of operations compared to 26 weeks last year.

This year's results include the operations of Jo-Ann's Nut House Inc., which Carrols acquired at the start of the fiscal year. At the end of the first half there were a total of 159 Jo-Ann's and Chez Chocolate units.

Herbert Slotnick, Carrols' chairman, said earnings and revenues from the company's Burger Kings "continued to increase at a rapid pace." Revenues from restaurants in operation a year or more rose 9.4% over prior year levels, while customer counts increased 7.3% in the second quarter. Slotnick said the gains were "noteworthy" because they came against "an extremely strong 1982 period" during which Burger King launched its controversial but successful "battle of the burgers" comparative advertising campaign.

Carrols operated 104 Burger Kings at the end of the first half. An additional unit has been added since then, and three more are planned for the balance of the fiscal year.

The company said its gains were achieved despite an increase in Carrols' effective tax rate to 46% from 34%.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Carrols | 3 mos.<br>6 mos. | 11/30 | | | $ 29.800<br>62.300 | 40.0<br>43.0 | $ 1.100<br>3.000 | 52.0<br>37.0 |
| Chi-Chi's | 3 mos.<br>6 mos. | 10/31 | | | 37.900<br>74.300 | 59.0<br>68.0 | 4.300<br>8.000 | 83.0<br>81.0 |
| Consul Corp. | 3 mos.<br>6 mos. | 11/30 | | | 13.981<br>27.000 | 200.0<br>92.0 | 0.120<br>0.801 | 30.0<br>95.0 |
| Family Entertainment Ctrs. | 3 mos.<br>9 mos. | 10/2 | | | 3.690<br>16.200 | 32.0<br>111.0 | – 0.436<br>0.783 | |
| Int'l Multifoods | 3 mos.<br>9 mos. | 11/30 | $285.000<br>783.000 | – 5.0<br>– 5.0 | | | 13.600<br>24.800 | 11.0<br>– 4.0 |
| Luby's Cafeterias | 3 mos. | 11/30 | | | 38.900 | 14.0 | 3.600 | 14.0 |
| Morrison | 3 mos. | 11/26 | | | 227.000 | 10.0 | 9.800 | 14.0 |
| Mr. Steak | 12 mos.<br>3 mos. | 10/2 | | | 63.809<br>18.353 | | 0.802<br>0.313 | |
| People's Restaurants | 3 mos.<br>12 mos. | 6/26 | 27.300 | 368.0 | 11.900 | | 0.718<br>1.800 | 156.0<br>132.0 |
| Restaurant Systems | 3 mos.<br>9 mos. | 10/1 | | | 6.900<br>22.100 | 16.0<br>13.0 | 0.361<br>0.987 | 16.0<br>26.0 |
| Shoney's | 12 mos. | | | | 398.000 | 18.0 | 23.000 | 30.0 |
| Western Steer | 3 mos.<br>9 mos. | 11/4 | | | 9.000<br>24.700 | 28.0<br>25.0 | 0.494<br>0.949 | 65.0<br>44.0 |

Source: *Company earnings reports*

**In millions*

*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## Rest. Systems profit rises 16% for 3rd quarter

ATLANTA—Restaurant Systems Inc., a 27-unit Wendy's franchisee, advanced net profit 16% to $361,000 for the third quarter ended Oct. 1 from the previous year's comparable period.

Third-quarter revenues were $6.9 million, also a 16% gain.

For the three-quarter, 40-week period, net profit was $987,000, up 26% from the 1982 period, and revenues were $22.1 million, up 13%.

The company, which was formerly known as B&S Foods, completed its initial public stock offering on Sept. 29.

In addition to its Wendy's operations, Restaurant Systems also operates one Sister's Chicken & Biscuits outlet, two Butters units, which is its own fast-food concept, and develops and markets computer software for the food-service industry.

## Mr. Steak profit $802,000 for year

DENVER—Mr. Steak Inc. reported a net profit of $802,000 on revenues of $63,809,000 for the fiscal year ended Oct. 2, 1983. The company last year reported a net loss of $1,565,000 on revenues of $59,797,000 for fiscal 1982.

During the fourth quarter Mr. Steak earned a profit of $313,000 on revenues totaling $18,353,000. By comparison, Mr. Steak suffered a net loss of $1,157,000 on revenues of $15,219,000 for the fourth quarter ended Sept. 26, 1982.

Mr. Steak operates and franchises restaurants throughout the United States and Canada. As of Oct. 2, 1983, there were 243 Mr. Steak restaurants in operation.

Mr. Steak, through its wholly owned subsidiaries, provides processing, sales and distribution of U.S.D.A. choice beef and associated meat and food products to the restaurant, food-service and retail food industries.

The company also distributes equipment and supplies and provides accounting services to the restaurant industry. The international headquarters of Mr. Steak are located here.

## Chi-Chi's net profit rises 83% to $4.3 million in qtr.

LOUISVILLE, Ky.—Chi-Chi's Inc. said its net profit for the second quarter ended Oct. 31 rose 83% over last year's comparable period to $4.3 million on revenues that increased 59% to $37.9 million.

For the first six months of fiscal 1984, net profit was up over the prior year by 81%, to $8 million, on revenues that rose 68% to $74.3 million.

Chi-Chi's now has a total of 115 Mexican dinnerhouses.

The company also said it intends to issue 1.5 million new shares of common stock, with proceeds to be used for capital expenditures, "possible acquisitions" and "other business opportunities."

Chi-Chi's, which had a single restaurant in 1976, now operates in 33 states and four Canadian provinces.

## Franken going public

FORT MYERS, Fla.—Franken Sundae International Inc., a development-stage company without stores, revenues, or profits, hopes to go public for $1.5 million to start a chain of semiself-serve ice cream shops.

The self-underwritten offering intends to sell 1.5 million units priced at $1 each. A unit is one share of stock and one warrant to purchase another share.

Forty-six-year-old John R. Goode founded the company last July after running a similar concept in New Hampshire until 1976. He has also run tourist boats, invested in real estate, founded a bank and operated a North Carolina restaurant.

The Franken Sundae concept rests on customers garnishing their own cones and sundaes from a toppings bar. Decor is supposed to resemble a "Frankenstein-type laboratory."

## Morrison posts 14% profit

MOBILE, Ala.—Morrison posted a 14% net profit gain to $9.8 million on a 10% increase in revenue to $227 million for the second quarter ended Nov. 26 compared to the same period a year earlier.

Morrison operates 154 Morrison's Cafeterias in 16 states, 27 Ruby Tuesdays, two L&N Fishmarket restaurants in seven states and nine Morrison's Family Buffet restaurants. Morrison's food-service management division services approximately 300 industrial and educational feeding accounts.

## People's 1st qtr. profit up 156%

RICHARDSON, Tex.—People's Restaurants Inc., a Bonanza steakhouse spinoff, has reported first quarter net profits of $718,000 on revenues of $11,900,000. For the comparable period ended Sept. 26, 1982, profits were $281,000 on revenues of $4,588,000.

People's, the operator and franchisor of 55 dinnerhouses, reported a net profit of $1.8 million for the year ended June 26, an increase of 132% over the previous year. Sales increased 368% to $27.3 million over the fiscal year.

## Wilson Foods files plan aimed at ending Chap. 11

OKLAHOMA CITY—The Chapter 11 bankruptcy proceedings under which Wilson Foods has been operating since early 1983 may be completed by April.

A plan that would eliminate Wilson's over-funded retirement program as well as see its Albert Lea, Minn., plant sold for approximately $15 million in cash and notes was filed.

## Big Cheese set for public offering

WICHITA, Kan.—A five-unit Big Cheese pizza franchisee has filed a plan to go public, intending to raise up to $2.5 million to develop the St. Louis, Mo., market.

Gateway Pizza Inc., which is running in the red, hopes to sell 300,000 to 500,000 units at $3.50 each. Every unit consists of two shares of stock and a warrant to buy another share.

The hallmark of the 92-unit Big Cheese chain is a 4-lb. pizza with 1 lb. of cheese, big enough to serve six and priced at $11.

Gateway was founded in 1979 by 38-year-old president Stephen J. Hogan, a restaurant insurance salesman. Insiders will retain about 26% of the fledgling company's stock.

## Multifoods 3rd quarter net climbs 11% to $13 million

MINNEAPOLIS—International Multifoods Corp., a diversified food-service company based here, recorded third quarter net profits up 11% to $13.6 million compared to the year earlier period. Sales fell 5% to $285 million.

For the nine months ended Nov. 30, International Multifoods suffered a 4% drop in net profits to $24.8 million and a 5% decline in sales to $783 million.

International Multifoods, a franchisor of approximately 1,000 Mister Donut shops and a franchisee of 39 Hickory Farm stores, operates principally in the United States, Canada, Venezuela and Mexico. The company also manufactures and distributes flour, cereal, cake mixes, cheese, oat, rice and corn products.

"Devaluation of the bolivar [Venezuelan currency] was the major factor underlying a decline from last year's sales and earnings in our consumer, industrial and agriculture segments, although volume and earnings in local currency were up sharply in Venezuela," said Andre Gillet, president and chief operating officer of International Multifoods.

**Spotlight on Finance**

A new NRN feature focusing on the latest financial news and trends

**Page 11**

## Family Entertainment loses $436,622 in 3rd qtr.

ROCKVILLE, Md.—Family Entertainment Centers, a Pizza Time Theater franchisee, reported a loss of $436,622 for the third quarter, ended Oct. 2.

Revenues, however, rose 32% to $3.69 million over the year earlier period.

For nine months net profit increased more than fivefold to $78,385 while revenues increased 111% to $16.2 million.

Patrick A. Hopf, chairman, linked the third-quarter results to disappointing profitability and average weekly sales at the Chuck E. Cheese pizza entertainment centers. The company operates 16.

To reverse its losses the company has undertaken an aggressive diversification program, becoming a franchisee of G. D. Ritzy's and forming two concepts, Marie Antoinette's Bakery and Cafe and Zachary's. The latter is a gourmet hamburger and chicken place.

*SPOTLIGHT ON FINANCE*

# Restaurant companies scrambling to go public

By Rick Telberg

Buoyed by the biggest stock market rally in 50 years, restaurant companies are making a mad dash to go public before the window slams shut in the next six months.

At least three dozen food-service operations floated initial public offerings last year. *Going Public*, a Philadelphia-based newsletter, says that's a record-breaker. Only 12 restaurant concerns made such a move in 1982, and that was considered a big year.

Restaurants raised well over $300 million last year—to expand, to slash debt ratios, to borrow anew or simply to reap rewards for years of entrepreneurial risk.

Rick Telberg

### Window Narrowing

"It was very easy to raise money in '83," glowed Ken Jones, controller at Rax Restaurants, which grossed almost $20 million after following a crafty debt offering with equity. "But it's going to be a lot harder in '84."

The window is narrowing, ironically, for the more financially sound firms. The speculative issues of firms with little or no track records should dominate the next several months. Notes Norman G. Fosback, editor of *News Issues* newsletter in Fort Lauderdale, Fla.: "Penny stocks dominate the end of the cycle."

Almost 900 American companies went public last year, reaping almost $13 billion. By contrast, over 1,000 launched themselves in 1969, another great year for public offerings. But never was so much money made as this time.

As 1984 dawned two big issues were warming up on deck: Chili's upscale burgers and El Torito Mexican dinnerhouses. But early signs showed they could miss their top-target prices by wide margins as singed investors took an increasingly close look at new issues.

For example, T.G.I. Friday's, which was the biggest issue of the year at $78.75 million, was forced to accept $17.50 a share instead of the $20 it had hoped for. The compromise cost $11.25 million.

But it didn't end there. The market quickly knocked down its only slightly unreasonable 25 multiple to 19, undercutting the stock to about $13. Some say it soured the market on restaurant IPO's.

An investor, if he had bet a dollar on every new restaurant issue of the year, would have barely broken even.

But for restaurant companies, it was all gravy. Taco Villa hoped to go public for $10-$12 a share. Executives weren't unhappy with the eventual $8.

"We would have been better off if we had gone earlier," said Robert Barnes, executive vice president at the 41-unit Texas Mexican fast-feeder. "But we didn't want to risk our growth plans. We got the money and everything's on schedule."

Taco Villa insiders who cashed in for half of the company's $8 million take weren't grumbling either.

But Taco Villa's entrepreneurs were among the lesser millionaires last year. The Davenport family, for example, pocketed over $5 million when their Krystal Inc. spun off Po Folks.

Marno McDermott, Chi-Chi's founder, saw his $1 million stake in Fuddrucker's mushroom to almost $20 million after the upscale burger chain's stock more than doubled on the open market. Steak-and-Ale founder Norman Brinker apparently hopes for the same with Chili's.

Companies as well as individuals cashed in on the free-for-all. Carlson Cos., which also owns hotels and coffee shops, launched Friday's. W. R. Grace will carve out El Torito. Sea Galley presented Flakey Jake's to stockholders. And Bonanza cloned itself with U.S.A. Cafes.

Other already public firms are capitalizing on the high premiums a booming market will pay for growth. Chi-Chi's, Saga, Shoney's and Bob Evans have moved to float secondary offerings.

"You're going to see fewer IPO's this year," predicts George S. Rich at underwriter Alex. Brown & Sons in Baltimore, "because a lot of the big money institutional buyers are tapped out. But they'll pay for quality."

The great majority of public offerings came from new ventures, most of them franchisees of national chains and many of them with little or no track records.

Twistee Freez of Cape Coral, Fla., for example, raised $5 million before it had a single store open. Pastabilities of Parsippany, N.J., had one unit. And Sport's of Reno had only one.

The successes of these fledgling enterprises figure to be spectacular, almost as spectacular as the sure-to-come shakeouts will be.

The verdict is already in on Double R Fast Foods of New York which went public for $3 million. By the end of the year it had sold its Roy Rogers franchise back to Marriott after the galloping Riese Organization won away the territory.

But a lot of companies, despite the frenzy, backed away from the stock market. Kettle Restaurants of Houston scuttled its prospectus after recession reached the Oil Patch where its coffee shops make their home.

A late-in-the-year entry, Village Inn franchisee Family Restaurants Inc. of Denver, canceled its dream too. Harrumphed an executive: "The market's gone bad. We're too late."

But it's not too late for many others. Investment bankers say their going-public calendar is full through the first quarter. Analysts say the stock market will run strong through the first half of the year. And many offerings are already in the pipeline since it takes four to five months to go public after deciding to.

Another sign the boom isn't bust yet: Private placements, often a prelude to public financing, are running hot. Pat's International, known in Philadelphia for its cheesesteaks, and Biskets of Jacksonville, Fla., have both sold chunks of equity in private deals recently.

As one executive put it: "There's more money out there than places to invest." That means food-service entrepreneurs have more freedom than ever to prosper or fail.

**Rick Telberg, *NRN* senior editor, has a special interest in financial topics.**

## HOW RESTAURANTS CASHED IN ON THE '83 BULL MARKET

**Some 36 food-service firms went public last year, a record. Their initial public offerings (IPO's) raised over $300 million for expansion, debt repayment or simply to reap windfalls for the founders. But the window of opportunity lowered late in the year as investors began taking a closer look at new issues.**

| Company, Head Office | Concept | No. Of Stores At IPO * | Revenues Latest FY Before IPO ($ 000's) | Date Of IPO | Amount Raised ($ 000's) | Per Share Price Chg. Since IPO % |
|---|---|---|---|---|---|---|
| Calibre Corp., Worthington, Ohio | Pizza Time franchisee | 8 | 662 | Feb. 23 | 5,000 | (9) |
| Dominick's Pizza, Rockville, Md. | self-serve pizza | 2 | | Feb. 28 | 1,500 | (50) |
| Double R Fast Food New York | Roy Rogers franchisee | 3 | | March | 3,000 | (75) |
| Family Showtime Thtr., Commack, N.Y. | Pizza Time franchisee | 1 | | Mar. 2 | 3,000 | 38 |
| Benihana Nat'l, Miami | Japanese dinnerhouses; frozen foods | 12 | 17,786 | May 11 | 5,500 | 9 |
| Sis Corp., Westlake, Ohio | Sister's franchisee | 4 | 2,419 | May 26 | 4,000 | 19 |
| Shoney's South, Memphis | Big Boy franchisee | 203 | 122,514 | June 16 | 21,671 | 17 |
| 1 Potato 2, New Hope, Minn. | fast-food potatoes | 41 | 4,994 | June 29 | 6,600 | 0 |
| El Chico, Dallas | full-service Mexican | 86 | 61,381 | June 30 | 14,000 | 36 |
| Rax Restaurants, Columbus, Ohio | fast-food roast beef | 205 | 51,718 | July 14 | 14,300 | 44 |
| Twistee Freez, Cape Coral, Fla. | prefabricated ice cream shops | 0 | 0 | July 22 | 5,000 | 88 |
| Pastabilities, Parsippany, N.J. | full-service Italian | 1 | 393[a] | Aug. 3 | 3,000 | (30) |
| Old Fashion Foods, Austell, Ga. | vending; Mighty Casey's fast food | 234 | 9,517 | Aug. 16 | 4,455 | (19) |
| Flakey Jake's, Mountlake Terr., Wash. | upscale burgers | 3 | 550[b] | Sept. 2 | 3,533 | 125 |
| A&M Food Services, Tulsa, Okla. | Pizza Hut franchisee | 82 | 13,869 | Sept. 20 | 7,150 | 12 |
| Restec, Columbus, Ohio | Rax franchisee | 3 | 2,167 | Sept. 21 | 3,080 | (25) |
| Restaurant Systems, Atlanta | Wendy's franchisee; software maker | 27 | 25,550 | Sept. 29 | 6,875 | (29) |
| Stuff Yer Face, New Brunswick, N.J. | "stromboli" sandwiches | 4 | 1,358 | Sept. 30 | 5,000 | 94 |
| Maverick, Wichita, Kan. | Grandy's franchisee | 6 | 2,355 | Oct. 4 | 4,500 | 10 |
| Nankin Express, Edina, Minn. | Chinese fast food | 2 | 292 | Oct. 12 | 2,500 | 20 |
| Po Folks, Nashville | full-service fish and chicken; Wendy's franchisee | 158 | 47,702 | Oct. 13 | 20,550 | (15) |
| Rusty Pelican, Irvine, Calif. | seafood dinnerhouses | 12 | 30,077 | Oct. 14 | 8,740 | 18 |
| All-V's, Englewood, Colo. | sandwich shops | 12 | 62 | Nov. 7 | 300 | (20) |
| Fuddrucker's, San Antonio | upscale burgers | 7 | 3,965 | Nov. 3 | 7,000 | 111 |
| Swensen's, Phoenix | full-service ice cream | 341 | 12,377 | Nov. 15 | 5,000 | 3 |
| Folks, Cincinnati | Po Folks franchisee | 2 | 1,189[c] | Nov. 22 | 3,500 | 2 |
| Sport's, Reno, Nev. | sports-themed fast food | 1 | 174 | Nov. 22 | 4,999 | 4 |
| Taco Villa, Midland, Tex. | Mexican fast food | 41 | 25,052 | Nov. 25 | 8,000 | 0 |
| American Family Pizza, Hollywood, Fla. | Godfather's franchisee | 16 | 3,596 | Dec. 6 | 3,500 | (8) |
| T.G.I. Texas, Forth Worth | T.G.I. Friday's franchisee | 4 | 4,767 | Dec. 7 | 3,740 | (22) |
| T.G.I. Friday's Dallas | full-service pub-restaurants | 72 | 187,700 | Dec. 8 | 78,750 | (19) |
| Concept Development, Omaha | Godfather's franchisee | 75 | 7,804 | Dec. 14 | 25,620 | 0 |
| Cuco's, Metairie, La. | full-service Mexican | 3 | 2,422 | Dec. 15 | 3,000 | 0 |
| McFaddin Ventures, Houston | nightclubs | 18 | 23,295 | Dec. 15 | 15,625 | (6) |

Source: *NRN* Research, Going Public magazine, company reports

*Includes company and franchised units.
[a]16 months
[b]2 months
[c]7 months

## Rax arranges financing; agrees to buy franchisee

COLUMBUS, Ohio—Rax Restaurants has arranged $12 million in long-term financing to fund the construction of 30 new company-owned and franchised stores this year.

The new funds will be enough to finance almost a third of the fast-food chain's planned 1984 expansion.

Arranged through a local mortgage company, the loan carries an interest charge floating between 12% and 15% with a 10-year term.

Two-thirds of the loan is earmarked for 20 new franchised stores, with the balance tagged for company expansion. A new subsidiary, Rax Realty Inc., will administer the franchisee financing program.

In an unrelated development, Rax also said it had agreed to buy a three-unit franchisee, Razorax Inc. of Athens, Ohio, for 58,824 shares of Rax stock. At a recent price of $18.25 per share, the deal is valued at $1.1 million.

Rax currently numbers 92 company-owned and 182 franchised restaurants in 27 states. This year the company expects to build 25 new stores as franchisees add another 75.

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PUSH FOR BREAKFAST

***Scramble for market share—Pp. 67-94***

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***The Newspaper of the Food Service Industry***

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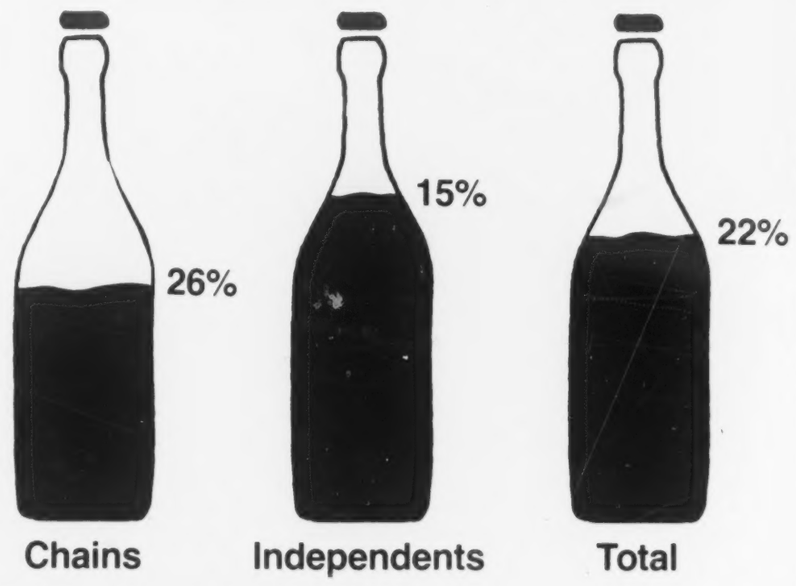
***ALCOHOLIC BEVERAGE SALES OFF***

*% of operators reporting liquor sales decrease*




Source: *NRN* Research

***NRN study: Drunk driving***

# Public concern spurs decline in liquor sales

**NRN Special Report**

NEW YORK—Alcoholic beverage sales have dropped at more than one-fifth of all food-service/bar establishments in the country ever since drunk driving and liquor service liability has emerged as a major public issue, a new study shows.

But even as concern over the legal ramifications of liquor service is growing, nearly 70% of all restaurant/bar operators still do not offer any formal training for their employees on how to recognize when a patron has had enough to drink.

The new study, commissioned by *Nation's Restaurant News* and conducted by its Lebhar-Friedman Research division, probed 100 operators—large and small chains, independents and tavern operators—on their attitudes toward liquor service responsibilities, dram shop laws, and on ways to reduce the risk that their patrons might be involved in a drunk driving accident.

Among the study's other major findings:

- More than half of all operators surveyed do not have established, formal procedures to deal with intoxicated guests;
- Liability insurance has increased for about 20% of all operators after the drunk driving/server liability issue began gathering momentum;
- Seven per cent of all operators said they've been sued as a result of a drunk driving accident.

The study's findings suggest that even as a growing number of restaurant operators and industry groups are paying greater attention to the issue, a significant number of others have failed so far to take all the steps some experts say are needed to thwart drunken driving.

Restaurant/bar owners and bartenders are increasingly

*(Continued on page 27)*

# *Beverage industry builds alcohol policy 'war chest'*

**By Ken Frydman**

NEW YORK—The battle lines have been clearly drawn in the war on alcohol abuse: On one side stand the so-called "neo-prohibitionists" who advocate the stringently enforced "control-of-availability" approach to the selling and dispensing of alcoholic beverages; on the other side are liquor distillers, vintners, importers, bar, restaurant and tavern owners, and affiliated businesses which espouse educational initiatives to reduce alcohol-related accidents and abuse.

To help shape public policy regarding alcohol control, strengthen its position and protect its financial interests, the alcoholic beverage industry has just contributed approximately $150,000 to the Washington, D.C.-based Alcohol Policy Council. The APC was founded over two years ago as a nonprofit organization "dedicated to a strategy of education and information in addressing alcohol misuse problems, according to its president, Gus Hewlett.

"We believe that the heavy and harsh controls proposed by

*(Continued on page 162)*

# *Industry group files lawsuit to quash tip reporting rules*

**By Ken Rankin**

WASHINGTON—Lawyers for a group representing some of the nation's largest food-service operators, the Foodservice and Lodging Institute, have filed suit in Federal court here, hoping to derail the Internal Revenue Service's controversial tip reporting regulations.

Among other things, the F.&L.I. action charges that IRS went far beyond the intent of Congress in issuing employee tip-income disclosure requirements which impose an unnecessary burden on restaurant operators and workers.

"The result will be that thousands of employees will be unfairly and unlawfully allocated substantially more tips for which IRS will automatically claim taxes not lawfully due," F.&L.I. executive secretary William Giery charged.

Although the industry group's court challenge could take years to resolve, F.&L.I. attorneys asked the U.S. District Court to provide immediate relief for food-service workers and chains by imposing a temporary injunction preventing IRS from enforcing key provisions of the tip regulations pending the outcome of the suit.

Significantly, the Institute did not challenge the tip-reporting statute passed by Congress, nor did they seek to overturn the controversial tip-income allocation provisions which have been the target of most industry concern over the IRS regulations.

Rather, the action calls on the court to enjoin the tax service from enforcing four provisions of those regulations which were never explicitly authorized by Congress.

Specifically, F.&L.I. is seeking to nullify sections of the IRS regulations which:

*(Continued on page 162)*

# Training of handicapped garners national plaudits

**By Richard Martin**

FOUNTAIN VALLEY, Calif.—Social consciousness, economics, and the human-resources needs of fast feeders have been catalyzed by compassion into a positive, concrete reality here.

The product of this reality could spell the beginnings of an important national movement, industry leaders who collaborated here believe.

Last month, a $125,000 kitchen/dining facility, bankrolled by major food-service corporations, opened in this southern California town for the training of handicapped individuals who will work in the donors' fast-food restaurants upon graduation.

The fully equipped school cafeteria-sized facility, part of the California Elwyn Institute, was launched approximately nine months after operators, sup-

*(Continued on page 162)*

# *The 'mother' of California cuisine*

## Great chef profile: Alice Waters

**By Roman Czajkowsky**

BERKELEY, Calif.—As is usual for a superstar, Alice Waters is the object of much flattery. But happily for the hordes of Bay Area residents and other food-loving folks up and down the California coast, much of the flattery has come in its most sincere form: imitation.

Waters is chef-owner of Chez Panisse, which arguably gave birth to "California cuisine," a food trend many say in turn heavily influenced the emergence of the "New American cuisine." And in the process, Chez Panisse has spawned a whole group of similar restaurants, many of them operated by people who worked with Waters in the early years of her restaurant's now 13-year existence.

There is, for example, Jeremiah Tower, Miss Waters's former co-chef, who's gone on to become chef and co-owner of the Santa Fe Bar and Grill in Berkeley and menu consultant for the Balboa Cafe in San Francisco.

Or Susan Nelson, owner of the Fourth Street Grill, also in Berkeley.

Together with Chez Panisse, these restaurants are part of the growing group of this country's fine dining meccas where Monsieur Escoffier wouldn't be let through the door and which stick to one rigid rule: serve nothing but the freshest, highest quality, preferably American-grown or raised foods; prepare them in a deceptively simple manner; shun heavy sauces.

But even as the imitators continue to arrive on the scene, Chez Panisse seems to have lost nothing of its luster. To the contrary, it's grown into something approaching national and international celebrity status.

*(Continued on page 119)*

**Alice Waters**

## LATE NEWSBREAKS

**McDonald's net profit rose 14% to $343 million on an 11% increase in sales to $8.7 billion in 1983. Revenues were up 11% to $3 billion. In the fourth quarter, net profit jumped 17% to $80 million on a 16% rise in sales to $2.3 billion.**

**Beefsteak Charlie's says it plans to enter the gourmet burger business with a Nanuet, N.Y., unit serving pasta and salads as well as burgers and offering alcoholic beverages. The company just posted an $8.1 million fourth-quarter loss, mainly charges for shuttering some operations.**

**An investor group including Castle & Cooke has withdrawn its offer to buy Dr. Pepper Co., paying the way for a leveraged buyout at $22 a share ($516 million total) offered earlier by Forstmann Little & Co. to go through.**

**Chairman Nolan Bushnell has resigned from red-ink-plagued Pizza Time Theatre. Randall Pike moves up from cfo to president and ceo, while Joseph Keenan, a co-founder with Bushnell and former president, becomes chairman.**

# Ray Kroc: A retrospective Pp. 6, 41-52

# Pay-TV settlement costs Red Onion $100,000

By Richard Martin

LOS ANGELES—International Onion, which features big-screen TV entertainment in its nine Red Onion Mexican dinnerhouse restaurants in southern California, has paid $100,000 to pay-TV operator Oak Media Corp. in an out-of-court settlement of litigation brought over piracy of ON TV signals.

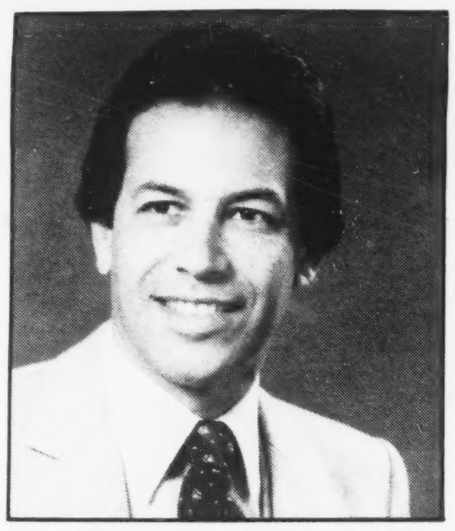
The settlement is the largest among dozens of similar cases Oak Media has resolved involving restaurants and bars in the Los Angeles and Chicago areas. More than a dozen other suits are still pending or being readied for court, the company said.

Capping an 18-month legal battle with International Onion, the agreement covers damages resulting from illegal showings in five Red Onion units of the Hagler/Duran fight in November, as well as earlier events broadcast by ON TV.

Settlement of the case was authorized by U.S. District Court Judge Terry Hatter, who also enjoined Red Onion from showing future ON TV fights and events.

"ON TV regards this decision and settlement as a watershed in our antipiracy campaign," said Ira E. Ritter, chairman and ceo of Oak Media.

"Not only is it the largest dollar settlement received by ON TV to date, but it's a signal to others that property theft is the heart of the issue."



**Though International Onion president Ron Newman (above left) declined comment, the company's attorney called the $100,000 settlement "not substantial."**

Mike Viebrock, staff attorney for Oak Media, said seven similar suits are still pending against Los Angeles-area restaurants and bars. Six more such suits against local operators will be filed in the near future, he added.

Ron Newman, president of International Onion, declined comment on the settlement. Steve Solomon, the company's attorney, said Red Onion had merely "made a business judgement" regarding the expediency of a settlement. "We could have spent another $300,000 fighting the thing," Solomon said.

Red Onion originally thought it had obtained licensing agreements which permitted use of the ON TV signal, Soloman claimed. However, Oak Media sought and obtained an injunction against the restaurant chain about a year ago.

Soloman said a Red Onion employee mistakenly authorized the tapping of ON's pay-per-view Hagler/Duran broadcast at restaurants in Marina del Rey, Beverly Hills, West Covina, Woodland Hills and Huntington Beach last November, despite the restraining order. "We felt kind of foolish about it," he said.

The five restaurants were the same ones named in Oak Media's lawsuit, filed in August 1982, alleging violation of Federal copyright laws and other statutes stemming from the unauthorized interception, unscrambling and showing of ON's pay broadcasts.

Soloman said the amount of money Red Onion paid in the settlement was "not substantial." Several of the company's insurers were making "sizable contributions" toward the payment, he added.

*(Continued on page 161)*

# *Charters replaces Petika as Farrell's Ice Cream president*

SAN FRANCISCO—Thomas M. Charters, the former executive vice president and chief operating officer of Chart House's Luther's Bar B-Q division, has replaced Thomas E. Petika as president of the 106-unit Farrell's Ice Cream Parlour Restaurants chain.

Petika had served as Farrell's president from March 1982 until July 1983, when a triumvirate of Farrell's senior management executives began running the company's day-to-day operations. The executives, Robert L. Hogan, marketing vice president, Alexander M. Hehmeyer, vice president and general counsel and Kenneth J. Weber, senior vice president of finance, have retained their positions. Longtime chairman of the board, Richard C. Blum, has also remained.

"Under our previous administration we had an operation that wasn't well-controlled, and there was a lot of turnover out in the field," said Blum. "But in the last few months we've made tremendous strides in getting our food and labor costs under control and increasing our systemwide sales by 6% to 7% again."

Charters' short-term plan calls for expanding Farrell's line of hamburgers and salads. "We want to be known as more of an upgraded restaurant and less of just a place to have ice cream," added Blum.

In March 1982, the Marriott Corp. sold off Farrell's, which it owned since 1972. The company was founded in the 1920's. Privately held Farrell's grossed $62 million in fiscal year 1982-83 on 76 company-owned and operated stores and 30 franchised units. The family restaurant/coffee shop concept operates in 29 states.

**The 76 company-owned and operated and 30 franchised Farrell's units operate in 29 states.**

# German chefs highlight Neiman-Marcus tie-in

By Susan Spedalle

DALLAS—While it has become a strategy of department store restaurants to tie in with store-wide events, few stores have reached the authenticity of Neiman-Marcus's recent German fortnight—or some others the store here has done.

For the most recent event food-service director Bob Jones was able to host a team of five chefs from the famous Brenner's Park-Hotel in Baden-Baden, Germany—including the hotel's master chef Albert Kellner.

While merchandise managers set up exhibitions of German fur, jewelry, magazines and cuckoo clocks (to name just a few), Jones put the crew from Baden-Baden to work in a concept designed especially for them: The Black Forest Inn.

**Bob Jones**

All of the store's other restaurants were also converted to German concepts and included a kuchen haus, wursthaus and bier halle.

The primary reason for the authentic feel of Neiman-Marcus's fortnight festival, an annual event, is the research Jones puts into choosing the guest chefs and the foods.

Last year's group of chefs from Japan's Hotel Okura was the first team of food-service professionals from another country to be brought to Dallas for the store's celebration. The event was so successful that Jones has made a visiting chef team a permanent part of the event.

After Neiman-Marcus has chosen the country on which they will base their fortnight celebration, Jones takes numerous trips to that country looking for new ideas, meeting with those who produce a high quality of food and choosing food products which will be featured throughout the store.

This year the Black Forest Inn served the haute cuisine of the German region of the same name. In order to serve the

*(Continued on page 161)*

# *Pizza Transit plugging in computer marketing bank*

By Don Jeffrey

CHAPEL HILL, N.C.—Computerization in the industry's pizza segment is moving from animated cartoon characters and conveyor ovens into a new direction.

Pizza Transit Authority, a 26-unit all-franchised chain of delivery and take-out chains based here, has disclosed it is setting up a computerized "information-based marketing system" that will allow it to keep close track of its customers.

Company officers say their system, similar to one pioneered by Canada's Pizza Pizza, will not only allow faster and more efficient delivery of pizzas from units to homes, but will store in its memory disks personal information on customers such as addresses and phone numbers, family birthdays, and a history of previous orders made with the chain.

James Cherney, the 37-year-old chairman who founded Pizza Transit 11 years ago, says the system will also provide what he calls "market diagnostics"—an analysis of sales trends and patterns to help set up marketing programs to increase sales and check averages.

He says it will also lead to more efficient marketing through direct mailings to targeted audiences.

Computer programs are now in place but the computers have not been bought yet, Cherney says. The system should be ready for rollout within six months, he adds.

Once installed, this is how it will work. When a customer calls with a pizza order, he'll give his name and phone number. The order-taker will be able to draw out of the computer information such as when the customer last ordered a pizza and what kind it was. The employee might ask: "Would you like your regular order, sir?" This, Cherney feels, will promote a "one-on-one friendship" between customer and pizza place.

The system may also be used for telephone surveys of demographic dining-out patterns in an area.

Asked if he thought some customers might object to giving out personal information over the phone, Cherney says he'll include taped requests made by celebrities.

Messages will contain a promotional offer to stimulate a trial: a free pizza. When a customer claims that pizza, he'll find a

*(Continued on page 161)*

## HIGHLIGHTS IN THIS ISSUE

**6** Ray Kroc was a pioneer, a man who embodied the spirit of food service and of the American dream, who lived *his* dream—absolute quality in a price-conscious format—to the fullest, writes *NRN* editor Charles Bernstein.

**11** Breakfast is fast becoming a highly charged, highly profitable area, says *NRN* publisher Thomas J. Haas, and can continue to be as long as quality and the price/value relationship are monitored closely.

**54** Good wine is more than simply a joy to the palate—it can also be a valuable tool in the kitchen, writes *NRN* Wine & Spirits columnist Mort Hochstein.

**106** Naugles plans to double the size of its chain, and has signed a 15-unit area franchise deal.

**109** Planning a business lunch? Why not turn it into a "power lunch" and see if it doesn't put you in the catbird seat. Authors Ligita Dienhart and Melvin Pinsel tell you how in excerpts from their book, *"Power Lunching: How You Can Profit From More Effective Business Lunch Strategy."*

**114** It's time for some discipline and direction in food-service education, argues Dr. Shirley Ainsworth Bourne.

## REGULAR FEATURES

Financial ..... 4, 5
Opinion ..... 6, 11
Employee Motivation ... 35
Wine & Spirits ..... 54
Food Cost Control ..... 98
People ..... 122
Promotions ..... 131,134
Manufacturer News ..... 136, 137
New Products ..... 139-141
Classified ..... 142-160

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Procter & Gamble regional insert, pp. 26a, b, c, d
Colombian Coffee regional card, pp. 70a, b

Vol. 18, No. 4 February 13, 1984

COMMODITIES

# Sub-zero temperatures drive up beef, pork prices

**NRN Special Report**

The sub-zero temperatures of late December and mid-January will continue to plague operators for weeks to come. Meat prices were particularly hard hit by the effects of the weather throughout the Midwestern and Southwestern plains states, where a majority of beef and pork is raised.

It wasn't only the large, and still at presstime, undetermined number of animals that were killed by the cold and storms. During extremely cold temperatures, even if cattle and hogs have adequate fodder, most of the calories they intake goes directly to producing heat to make up for that lost to the frigid air around them. The result is that cattle do not gain weight; in fact, many lose substantial poundage in the process, since feed available may not be sufficient to replace temperature losses.

In late January, beef had already climbed to prices higher than the year earlier, and pork was skirting last year's levels. Sheep raisers in the mountain states have not yet reported the flock losses resulting from record colds and heavy snows, but it is certain that lamb and mutton prices will continue to be affected by the prolonged cold spells.

Sheep producers had cut back the number of animals over the past two years as demand surged for lamb and mutton. Although 1984 was to be the year of flock rebuilding, it now looks as if this objective may be harder to achieve than originally forecast. Even if there is a flock increase this year, the continuing high prices for beef and pork will keep upward pressure on lamb and mutton prices, particularly lamb.

### Poultry Slaughter Continues

The slaughter of chicken and turkey flocks which have been infected with avian flu had accounted for more than 10 million birds as *NRN* went to press, and the killing was continuing t a rapid rate. In Pennsylvania, where a majority of the epide nic has occurred, more layers were slaughtered than broilers. The result is that eggs have hit their highest prices in several years.

Broilers have been hard hit, too, and prices of Grade A icepack birds on the Eastern seaboard have hit their highest price range since the mid-70's. Prices are up 50% over the same period in 1983. Cold weather has not done a great deal of damage to broiler production, but the slaughter to prevent spread of the disease is certain to continue. Higher prices for beef and pork continue to place upward pressure on chicken prices, a red meat alternative.

Although turkeys have not yet been affected at the same rate as chickens, turkey slaughter, too, is increasing, and authorities are looking at upper Midwestern producer flocks, which have in the past had frequent outbreaks of avian flu. This could abort producers' plans to increase the number of turkeys produced this year by about 2% to 3%.

The likelihood of an even broader slaughter of birds comes from the failure of the program so far to halt the spread of the disease. It is believed by a number of researchers in the U.S. Department of Agriculture that a mild form of the disease (with a killing rate of only 1% to 5%) is mutating in some flocks to the deadly version, which kills as many as half of all birds infected.

A technical advisory board, made up primarily of university professors of veterinary medicine, on Dec. 28 recommended slaughter of all flocks which were found with *either* type of avian flu.

Considering that $19 million in indemnities has already been spent by the Federal Government to reimburse owners of slaughtered flocks, the increased slaughter could create major budget problems for the U.S.D.A. and would have heavy price impact on the poultry and egg markets.

### Fruit and Vegetable Price Rises

The cold weather hit more than just protein sources, of course. The effects on vegetable crops are mostly short term, but the Vidalia onion crop in Georgia was drastically reduced (to as little as 25% of original forecast) and very few will see market this year. Watch out for other white onions being passed off as Vidalias—which are noted for their mild, sweet flavor.

*(Continued on page 161)*

## PRICE MOVEMENT AT A GLANCE

| | Jan. 20, 1983 | Dec. 20, 1983 | Jan. 20, 1984 |
|---|---|---|---|
| Beans, pinto, dry, Colo. (cwt.) | $13.00 | $23.00 | $22.00-22.75 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.92 | $ 0.99 | $ 1.09 |
| Broccoli, fresh, bunch, Calif. (14s) | $ 4.50-5.00 | $ 7.00-8.00 | $ 6.50-7.00 |
| Broilers, Grade A, Icepack, NYC (lb.) | $ 0.4671 | $ 0.5860 | $ 0.6966 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.6075 | $ 0.97-0.99 | $ 1.13-1.15 |
| Lettuce, Iceberg, Calif. (24s) | $ 3.00-3.50 | $ 8.00-9.00 | $ 3.00-3.50 |
| Orange juice, frozen conc., Florida (12/32 oz.) | $19.92 | $19.92 | $21.52 |
| Pineapple juice, canned (12/46 oz.) | $ 8.90 | $ 8.40 | $ 9.60 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.07 | $ 0.91 | $ 1.01 |
| Potatoes, dehydrated flakes, Idaho (lb.) | $ 0.26-0.27 | $ 0.29-0.31 | $ 0.46-0.49 |

Source: *NRN* Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

*Appeal planned*

# $52M 'handshake' verdict leaves McDonald's unfazed

CHICAGO—Still mourning the death of founder Ray Kroc, McDonald's absorbed another blow late last month when a Cook County jury ordered the fast-food giant to pay $52 million in damages to a bankrupt Chicago ice cream firm.

The award, which marked the culmination of a grueling 13-week trial, is being appealed by McDonald's.

"We have great confidence in our appeal and we do not intend to make any provision in our financial statement as a result of the verdict," said McDonald's chief financial officer Jack Greenberg.

At issue in the suit is an alleged handshake agreement between Kroc and Thomas Cummings of the Central Ice Cream Company in which Central was to manufacture a three-flavored ice cream cone called Triple Ripple to be sold at McDonald's outlets.

According to Cummings and his flamboyant attorney Gerry Spence, the 20-year exclusive deal was breached when McDonald's scrapped the Triple Ripple in the early 1970's after it failed in test marketing. They blamed McDonald's poor distribution and refrigeration systems for the failure of the product and asked for $180 million in damages.

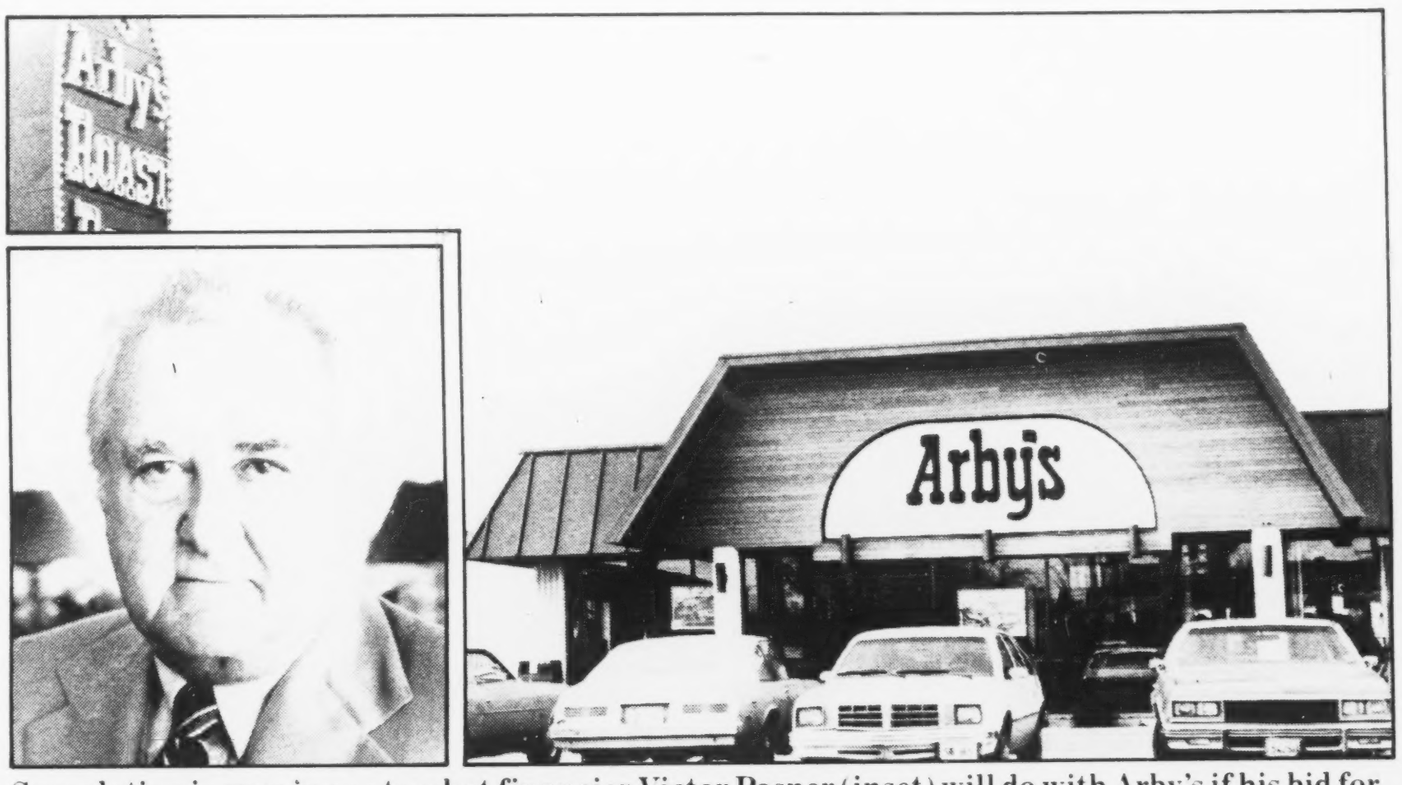
But McDonald's attorney Frederick Lane expressed skepticism about the alleged 20-year agreement, saying Central's claim "defies logic." He pointed out that Central's plant was outmoded and that the Triple Ripple "was spurned by customers because it was inferior."

"There is no evidence that the product ever could have made money," Lane told the jury.

Ironically, the validity of the alleged handshake agreement may never be known since Kroc was unable to testify at the trial. While he did submit written testimony before his death, it proved inconclusive in settling the dispute.

"We are shocked with the verdict," said Donald Horowitz, McDonald's senior vice president/law. "It was a long and arduous trial and the whole case centered on an alleged conversation with Ray Kroc.

"We feel confident that McDonald's is right," Horowitz continued. "This award, especially one of this magnitude, for a product that was rejected by the American consumer, defies both logic and justice."




**Speculation is growing as to what financier Victor Posner (inset) will do with Arby's if his bid for parent-company Royal Crown is successful.**

# Arby's faces uncertain future in proposed Royal Crown buyout

ATLANTA—Uncertainty is growing along with speculation in certain executive suites here: What would financier Victor Posner do with Arby's, the lackluster fast-food chain that would come with his intended leveraged buyout of Royal Crown Cos.?

The 65-year-old Wall Street takeover artist has a reputation for selling off the undervalued assets of companies he's acquired.

Besides soft drinks and Arby's, Royal Crown owns a home furnishings business which is most often mentioned as the chief sell-off candidate. The money-losing line accounts for 14% of Royal Crown's revenue.

The 1,255-unit Arby's chain—of which 151 stores are company-owned—contributes 18% of sales and 19% of profits.

But due to the need for more marketing muscle in soft drinks, Arby's too may go because fast-food chains are voracious gobblers of advertising expenditures.

In addition, Arby's has been anything but a stellar performer for Royal Crown. In fiscal 1982, the latest breakout available, Arby's operating profit slipped 5% from 1981 to $7.5 million on a 19% revenue gain. Most restaurants in the system do less than $500,000 a year in sales.

But the roast beef chain is fighting back. It recently unveiled a $3.5 million commitment to croissant breakfasts, which could add $50 million to 1982's $575 million systemwide sales.

Breakfast is the third new product introduction in a year. The chain rolled out a bacon-and-cheddar-cheese roast beef sandwich last fall and a successful chicken-breast sandwich last spring.

And hamburgers, which would require the installation of grills, are said to be under consideration.

In addition, a new advertising campaign is taking flight. "Welcome to Arby's, you're right where you belong," the sixth pitch-line in seven years, succeeds "Arby's, you said a mouthful."

Posner's battle for control of the company began in earnest in January after Royal Crown management disclosed their own plan to take the company

*(Continued on page 161)*

# Allegheny Beverage buys Food Service Management

BALTIMORE—Allegheny Beverage Corp. has acquired Food Service Management, the largest contract food service and vending company in the St. Louis area, for an undisclosed amount of cash.

Food Service Management operates in 11 states, principally in the Midwest, and employs approximately 1,400. The company services commercial, industrial, educational, and healthcare clients in Missouri, Kansas, Illinois, Kentucky, Michigan, Wisconsin, Pennsylvania, West Virginia, Louisiana, Texas and Colorado.

H. King Carter and John F. Otto, who founded Food Service Management in 1950, have been retained by Allegheny in an advisory and assistance capacity.

Allegheny's food service and vending operations, with approximately 8,000 employees, are conducted by its Macke Co. subsidiary, headquartered in Cheverly, Md. The Food Service Management acquisition is the largest such purchase made since Macke was acquired by Allegheny in 1981. Over the last year, Allegheny has completed seven food service and vending acquisitions, making Macke food service available in 28 states.

In addition to food service and vending, Allegheny business line consists of carbonated beverages, coin-operated laundry machines, retail office furniture operations, building maintenance service and beverage equipment manufacturing.

FINANCIAL NEWS

# Hotel-casino segment leads big Hilton surge

BEVERLY HILLS, Calif.—Hilton Hotels Corp. has posted major financial gains for the year and fourth quarter just ended, largely from a business surge at its hotel-casino properties.

Net profit for the year ended Dec. 31 was up 35% to $112.6 million, compared to 1982 results. Revenue rose 8% from year-to-year, to $669.6 million.

Fourth-quarter net profit increased 34% to $25.1 million, while revenue climbed 18% to $179.7 million.

Citing "positive trends" in all segments of the company's business, chairman and president Barron Hilton singled out hotel-casinos as a leading indicator of Hilton performance in 1983.

The Flamingo Hilton continued to be "highly successful," and the Las Vegas Hilton posted "substantially improved" results, Hilton said. The Reno Hilton demonstrated a "strong" turnaround in 1983, he added. "That property was losing money when acquired at the close of 1981."

Revenue contribution from hotel-casinos increased 88% from the prior year in the fourth quarter (to $17 million) and 31% for the year (to $69 million), the company reported. Noncasino properties showed a 22% increase in revenue contribution in the closing quarter (to $30 million), and an overall 9% gain for the full year (to $101 million), compared to 1982.

Hilton said fourth-quarter operations benefited from improved occupancy levels.

Occupancy at all hotel-casinos was 80% in the fourth quarter, compared to 67% for the same period of the prior year. Noncasino properties had a three-point gain from year-to-year in the fourth quarter to 61%.

Overall occupancy for hotel-casinos was 80% for the year, and 60% for standard hotels. This represents an 11% gain over 1982 for casino properties; occupancy was unchanged from 1982 in standard hotels.

Hilton said his company had high hopes for 1984, based on major expansion programs undertaken to keep pace with increased consumer travel in the year. He pointed toward the Olympic Games in Los Angeles, the political conventions in San Francisco and Dallas, and the World's Fair in New Orleans as major travel boosters, "plus what we expect will be a more robust climate for business travel."

For the Olympics, Hilton Hotels has opened the Los Angeles Airport Hilton & Towers; the Los Angeles area's largest hotel, the 1,600-room Anaheim Hilton, will open for business just prior to the Summer Games.

"The two will add 2,900 rooms to our present strong position in southern California," Hilton said. The Hilton chieftain also pointed to the 451-room river-front addition to the New Orleans Hilton, bringing the room count to 1,597, as a sign of the company's preparedness for seasonal travel.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Jan. 27 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt | Pct | | | Latest P/E Ratio | Amt | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.00 | 5.25 | 5.50 | .00 | .00 | 7.50 | 5.00 | -.33 | -.90 | 2.28 | -12.89 | -1.96 | -2.01 | F | -20.0 | -42.0 | -12.9 | NE | .00 | 0 | 01-06-81 | 37.9 | -4.9 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 35.75 | 33.38 | 34.25 | -1.13 | -3.18 | 38.50 | 27.13 | .23 | -.10 | 3.57 | 7.56 | 2.52 | 49 | Q | 22.0 | 45.0 | 8.6 | 12.6 | .30 | .9 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 53.38 | 49.75 | 50.00 | -3.38 | -6.32 | 55.25 | 34.75 | .02 | -1.27 | .41 | 38.49 | 4.37 | 1.08 | F | 32.8 | -4.0 | 1.7 | 11.4 | 2.05 | 4.1 | 11-25-83 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 14.75 | 13.50 | 14.50 | .75 | 5.45 | 18.50 | 7.91 | .44 | .60 | .87 | 9.96 | .72 | .34 | F | 89.4 | -5.0 | 3.6 | 20.1 | .12 | .8 | 12-12-83 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 4.38 | 4.13 | 4.13 | -.25 | -5.71 | 9.75 | 4.00 | -.19 | .23 | -6.04 | 17.38 | .88 | -.28 | N | -35.4 | 32.0 | 3.7 | 8.1 | .00 | 0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 23.00 | 21.75 | 22.25 | -1.00 | -4.30 | 26.81 | 19.41 | .13 | .59 | .26 | -24.64 | .89 | .12 | S | 14.1 | 23.0 | 7.5 | 22.9 | .26 | 1.2 | 11-03-83 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 7.38 | 7.00 | 7.13 | -.13 | -1.72 | 11.25 | 5.38 | .23 | .27 | -4.57 | -9.78 | .55 | -.97 | N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.4 | 01-24-84 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Cainy Food | CLNY | 10.75 | 10.00 | 10.00 | -.75 | -6.98 | 11.50 | 6.34 | .43 | -1.73 | -3.13 | 28.18 | .53 | -.03 | N | -4.9 | 8.0 | 4.6 | 17.2 | .16 | 1.6 | 01-25-84 | 30.2 | 1.4 | 4 | 2.48 | 1.49 | 0283 |
| Captain Crab s | CRAB | 4.63 | 4.38 | 4.38 | -.38 | -7.89 | 6.38 | 3.38 | .28 | -.85 | -6.91 | -35.34 | .00 | .00 | Q | NC | NC | .0 | NE | .00 | 0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.88 | 8.63 | 9.00 | -.88 | -8.66 | 11.88 | 4.06 | -.56 | -1.53 | 8.37 | 3.93 | .50 | .26 | Q | 83.8 | 99.0 | 3.6 | 15.8 | .05 | .6 | 12-23-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chi-Chi's | CHIC | 24.25 | 20.63 | 20.63 | -2.75 | -11.76 | 29.00 | 13.94 | .01 | -2.47 | -5.27 | 22.05 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 38.9 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 12.50 | 11.75 | 11.75 | -.50 | -4.08 | 24.38 | 11.13 | -.10 | -.66 | -5.16 | 19.91 | .64 | .14 | Q | 29.7 | -2.0 | 4.0 | 19.3 | .50 | 4.3 | 12-09-83 | 111.6 | 4.5 | 2.9 | .34 | 6.76 | 0783 |
| Churchs Fr Ch | CHU | 26.25 | 24.13 | 24.38 | -1.63 | -6.25 | 33.50 | 22.00 | .24 | -.55 | -.79 | 13.85 | 2.19 | -.27 | N | -11.8 | 11.0 | 10.1 | 12.1 | .72 | 3.0 | 01-23-84 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.25 | 2.88 | 2.88 | -.50 | -14.81 | 4.00 | 2.63 | .13 | -1.68 | -5.46 | 5.79 | .13 | .46 | S | NE | 30.0 | 2.1 | 9.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | 0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 21.00 | 19.75 | 19.75 | -.88 | -4.24 | 21.63 | 11.69 | .13 | -.39 | 2.69 | 14.63 | 1.47 | .30 | S | 22.5 | 28.0 | 3.8 | 12.1 | .20 | 1.0 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 14.75 | 13.50 | 13.50 | -1.00 | -6.90 | 18.75 | 12.25 | .24 | -.37 | -2.94 | -12.01 | .26 | .30 | S | 500.0 | 40.0 | 2.5 | 42.2 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.25 | 17.75 | 17.75 | -2.50 | -12.35 | 27.34 | 13.34 | -.42 | -.83 | -2.17 | 7.70 | .86 | .09 | Q | 12.0 | 25.0 | 4.4 | 21.1 | .14 | .8 | 11-28-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny s Inc | DEN | 35.25 | 32.50 | 33.00 | -1.88 | -5.38 | 39.25 | 27.63 | -.27 | -.85 | .61 | 2.15 | 2.54 | .13 | Q | 5.2 | 13.0 | 3.8 | 12.6 | .72 | 2.2 | 12-06-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 18.00 | 16.00 | 16.25 | -1.50 | -8.45 | 25.50 | 15.75 | .14 | -1.56 | 1.51 | -1.34 | .65 | .06 | N | 10.0 | 110.0 | 15.8 | 24.6 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | 55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 22.25 | 20.63 | 21.13 | -1.63 | -7.14 | 28.75 | 16.25 | -.29 | .80 | -1.20 | .65 | 1.62 | .22 | F | 15.7 | 26.0 | 9.7 | 13.0 | .28 | 1.3 | 11-01-83 | 81.6 | 7.9 | 1.2 | 12.87 | 15.97 | 1082 |
| Fast Food Oper | POPI | 2.25 | 1.63 | 1.69 | -.50 | -22.86 | 4.63 | 1.63 | -.91 | -6.71 | 5.62 | -7.88 | .05 | .05 | N | NC | 81.0 | 6.5 | 33.8 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 32.38 | 29.38 | 29.75 | -2.25 | -7.03 | 32.94 | 14.06 | -.29 | -.03 | 1.93 | -4.10 | 1.85 | .77 | S | 51.3 | 25.0 | 3.7 | 13.1 | .40 | 1.3 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 8.13 | 7.25 | 7.50 | -.75 | -9.09 | 15.88 | 6.75 | -.19 | -.85 | -8.31 | -14.23 | -.20 | -.46 | N | NC | 12.0 | -3.2 | NE | .00 | .0 | 00-00-00 | 25.0 | -.8 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.00 | 9.75 | 10.00 | .25 | 2.56 | 12.00 | 7.25 | .02 | .16 | 2.63 | 16.67 | -1.10 | -2.11 | Q | -185.0 | -33.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 57.00 | 54.50 | 55.25 | -.63 | -1.12 | 60.25 | 40.13 | -.06 | .05 | 1.53 | 47.82 | 4.20 | 1.08 | F | 34.6 | 6.0 | 16.8 | 13.2 | 1.80 | 3.3 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 51.50 | 48.50 | 48.75 | -1.63 | -3.23 | 59.00 | 34.75 | .07 | -.10 | -2.54 | 15.65 | 2.50 | .71 | N | 29.3 | 14.0 | 6.8 | 15.6 | .84 | 1.7 | 12-19-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 22.25 | 19.75 | 21.38 | 1.13 | 5.56 | 30.78 | 14.38 | .00 | 1.96 | -2.31 | -4.25 | .70 | .46 | N | 76.6 | 80.0 | 2.8 | 20.2 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 9.00 | 8.00 | 8.50 | .50 | 6.25 | 12.25 | 6.50 | .58 | -.44 | 1.09 | -17.60 | .00 | -.79 | Q | -114.4 | -16.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 36.50 | 34.50 | 34.50 | -1.75 | -4.83 | 40.00 | 24.25 | -.03 | -1.05 | -7.19 | 6.52 | 2.94 | .77 | F | 35.4 | 72.0 | 6.2 | 11.7 | .00 | .0 | 00-00-00 | 116.7 | 7.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 19.00 | 16.00 | 16.00 | -3.50 | -17.95 | 23.00 | 6.22 | -.46 | -2.21 | -1.11 | 42.53 | .92 | .94 | S | 241.0 | 63.0 | 4.8 | 12.0 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 16.25 | 14.75 | 15.00 | -.75 | -4.76 | 18.13 | 11.63 | .34 | -.55 | -1.20 | -37.28 | 1.00 | .06 | Q | 6.2 | 22.0 | 4.1 | 14.7 | .20 | 1.3 | 10-31-83 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 17.63 | 15.00 | 15.63 | -.88 | -5.30 | 23.13 | 15.00 | -.51 | -2.10 | 3.07 | 21.55 | 1.33 | -.07 | S | -5.3 | 17.0 | 4.6 | 12.6 | .12 | .8 | 11-04-83 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.63 | 5.00 | 5.25 | -.38 | -6.67 | 10.75 | 4.63 | -.12 | .06 | -3.12 | -19.64 | -.37 | -.54 | N | NE | -52.0 | -6.1 | NE | .00 | 0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 13.63 | 12.00 | 12.63 | -1.13 | -8.18 | 18.75 | 11.88 | -.01 | -1.31 | -1.91 | 6.40 | .40 | .18 | S | 62.0 | 56.0 | 6.3 | 26.9 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 31.50 | 28.25 | 28.25 | -3.38 | -10.67 | 43.75 | 18.59 | -.14 | -2.28 | -.67 | 48.84 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 18.5 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 39.38 | 34.00 | 34.25 | -5.00 | -12.74 | 39.75 | 28.00 | -.16 | -.89 | -.13 | 11.68 | 1.53 | .18 | Q | 12.8 | 28.0 | 9.8 | 21.7 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 14.63 | 12.88 | 12.88 | -2.00 | -13.45 | 15.13 | 10.00 | -.02 | -1.55 | .05 | 38.73 | 1.28 | .27 | S | 23.6 | 7.0 | 6.1 | 9.1 | .25 | 1.9 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 75.00 | 69.25 | 69.25 | -6.00 | -7.97 | 81.00 | 50.25 | -.02 | -1.14 | .16 | -14.79 | 3.44 | .58 | N | 17.3 | 36.0 | 3.7 | 17.6 | .44 | .6 | 12-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 70.00 | 67.00 | 67.88 | -.13 | -.18 | 74.50 | 55.75 | -.20 | -.46 | -.38 | -15.36 | 5.00 | .65 | N | 13.3 | 23.0 | 11.1 | 12.3 | 1.00 | 1.5 | 01-24-84 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 19.00 | 16.75 | 17.00 | -1.50 | -8.11 | 21.06 | 16.06 | -.32 | -.54 | -1.52 | -12.24 | 1.34 | .19 | S | 15.4 | 13.0 | 4.5 | 12.0 | .40 | 2.4 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 9.88 | 8.88 | 9.13 | -.75 | -7.59 | 10.50 | 2.50 | .21 | -.55 | -2.56 | -12.15 | .45 | 1.43 | F | NE | -27.0 | 1.1 | 20.3 | .00 | .0 | 05-29-80 | 63.8 | .7 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.38 | 2.00 | 2.00 | -.75 | -27.27 | 3.63 | 1.44 | -1.27 | -4.53 | -2.90 | -9.23 | .09 | .02 | S | 20.0 | 23.0 | 1.1 | 16.7 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 19.00 | 17.00 | 17.00 | -2.00 | -10.53 | 32.75 | 14.25 | -.21 | -2.20 | -4.91 | -20.63 | .70 | -.02 | Q | -2.9 | 66.0 | 3.6 | 26.2 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | -.09 | .16 | 2.49 | -50.00 | .69 | -.81 | N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 12-08-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Peoples Rest | PEPL | 7.75 | 6.63 | 6.63 | -1.25 | -15.87 | 15.13 | 6.63 | -.13 | -1.17 | .60 | -13.52 | .28 | .10 | Q | 47.6 | 106.0 | 7.5 | 21.4 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 17.38 | 14.00 | 16.75 | 2.75 | 19.64 | 18.13 | 12.75 | .76 | 2.66 | 4.79 | 39.20 | .99 | -.43 | S | -33.0 | 2.0 | 3.9 | 19.3 | .60 | 3.6 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 13.75 | 12.75 | 12.88 | -.88 | -6.36 | 17.50 | 6.94 | -.24 | -.67 | -2.06 | 3.30 | .55 | .70 | N | 179.4 | 9.0 | 1.3 | 11.8 | .08 | .6 | 01-10-84 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 6.38 | 5.50 | 6.13 | -.88 | -12.50 | 26.00 | 5.50 | -1.62 | .63 | .67 | -2.34 | 1.27 | -1.69 | N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 24.88 | 22.75 | 23.00 | -1.50 | -6.12 | 25.25 | 15.00 | .54 | -.39 | .68 | -47.30 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 19.5 | .33 | 1.4 | 12-14-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.38 | 9.38 | 9.63 | -.75 | -7.23 | 11.88 | 5.75 | -.10 | -1.26 | -1.62 | 22.39 | -.73 | .15 | N | NE | -30.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 18.50 | 18.00 | 18.00 | .00 | .00 | 23.25 | .00 | -.16 | -.14 | -1.20 | -26.77 | .57 | .63 | Q | NC | 57.0 | 3.8 | 28.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 9.50 | 8.38 | 8.50 | .25 | 3.03 | 11.38 | 6.63 | .42 | -1.92 | 13 | -38.24 | .77 | .12 | N | 19.3 | 37.0 | 1.8 | 11.5 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 23.25 | 21.75 | 21.75 | -1.50 | -6.45 | 28.25 | 10.50 | -.18 | -1.46 | -.44 | -34.06 | .52 | .20 | F | 62.5 | 86.0 | 10.6 | 41.8 | .00 | .0 | 04-20-83 | 19.8 | 2.1 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 29.50 | 26.38 | 26.63 | -2.50 | -8.58 | 40.25 | 20.50 | -.65 | -.43 | 2.64 | 3.85 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 11.7 | .44 | 1.7 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 10.00 | 9.50 | 10.00 | .50 | 5.26 | 15.50 | 9.00 | .39 | .16 | 2.39 | -33.79 | .70 | -.18 | S | -23.6 | 17.0 | 4.5 | 17.2 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.75 | 8.00 | 8.50 | .50 | 6.25 | 15.00 | 7.50 | .09 | .30 | -3.65 | 44.16 | .02 | -.81 | N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 18.00 | 15.75 | 17.50 | 1.50 | 9.38 | 18.00 | 11.59 | .19 | -.56 | 3.53 | -84.67 | .67 | -.35 | N | -36.8 | 26.0 | 1.5 | 29.2 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 26.00 | 23.00 | 23.00 | -2.50 | -9.80 | 27.38 | 20.06 | -.03 | -1.42 | -3.73 | -14.67 | 1.17 | .46 | F | 64.7 | 31.0 | 5.9 | 19.7 | .16 | .7 | 01-04-84 | 397.8 | 23.4 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 12.25 | 11.75 | 12.00 | -.38 | -3.03 | 16.25 | 10.13 | -.33 | .11 | -5.51 | -24.81 | 1.01 | .09 | S | 9.7 | 16.0 | 4.5 | 11.9 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 10.75 | 9.75 | 10.00 | .25 | 2.56 | 15.50 | 6.34 | .16 | .93 | 1.35 | 20.00 | .81 | .33 | F | 68.7 | 25.0 | 4.0 | 12.3 | .06 | .6 | 10-11-83 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | .16 | .16 | -3.93 | 50.00 | .37 | .56 | N | 90.3 | 5.0 | .9 | 14.8 | .26 | 1.5 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 5.00 | 4.75 | 4.75 | -.25 | -5.00 | 7.50 | 4.50 | .03 | .20 | .36 | -1.19 | .27 | .07 | S | 29.1 | 89.0 | 3.8 | 15.3 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 9.00 | 8.38 | 8.38 | -.63 | -6.94 | 10.00 | 4.00 | -.39 | -1.01 | -1.02 | -29.52 | .29 | .11 | F | 61.1 | 44.0 | 2.0 | 28.9 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 7.50 | 7.13 | 7.38 | .00 | .00 | 13.63 | 6.63 | -.45 | -.18 | -5.62 | -26.67 | -2.39 | -2.27 | S | NE | -82.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 20.75 | 18.63 | 19.13 | -1.25 | -6.14 | 22.00 | 13.00 | -.23 | -1.13 | -.92 | 12.66 | 1.13 | .19 | N | 17.4 | 22.0 | 7.3 | 14.9 | .32 | 1.7 | 11-03-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Western Steer | WSMP | 11.75 | 11.50 | 11.50 | -.25 | -2.13 | 17.50 | 9.50 | -.40 | -.52 | -6.54 | -35.71 | .92 | -.07 | N | -6.1 | 7.0 | 3.1 | 10.8 | .16 | 1.4 | 11-18-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 14.88 | 14.00 | 14.00 | -.88 | -5.88 | 17.13 | 11.91 | -.48 | -.82 | -1.79 | -41.03 | .63 | -.03 | N | -4.7 | 11.0 | 2.6 | 23.3 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# El Torito, Chili's miss mark in initial public offerings

**NRN Special Report**

A stalled stock market rally has forced two closely watched restaurant companies—El Torito and Chili's—to accept less than they had hoped for in their initial public offerings.

Chili's, the Dallas-based, 26-unit upscale burger chain, settled for $15 a share in its one-million-share issue. The company, headed by Steak and Ale founder Norman Brinker, had anticipated selling shares for $17 to $20 each.

El Torito Restaurants, the 110-unit Mexican dinnerhouse chain that conglomerate W. R. Grace is carving out, went public with three million shares priced at $13 each.

Originally, El Torito had expected to sell a total of 4.4 million shares priced at $15 to $18 each. W. R. Grace itself was to have sold almost two million shares of the planned issue.

Mike Casey, El Torito's chief financial officer, said the company decided to go ahead instead of postponing its plans because El Torito had taken on debt in anticipation of going public.

El Torito had borrowed from bankers to pay back W. R. Grace for letting El Torito go its own way. "If we didn't do something," Casey said, "we would have been very heavily indebted."

Although Grace missed the first-round offering, the conglomerate could get proceeds from the 450,000 shares the underwriter would sell if the offer was overbooked.

El Torito's three-million-share offering constitutes about 22% of the company's outstanding stock. Grace owns the rest.

In Chili's $15 million grab, the company got about $7.9 million to pay down debt and use for expansion. Insiders, led by president Larry Lavine who sold 260,000 shares, reaped about $7 million. Brinker sold no shares, but his 26% stake overnight became almost $18 million.

Both Chili's and El Torito have aggressive expansion plans which the public offerings will help propel.

# Jerrico net dips in second quarter

LEXINGTON, Ky.—Jerrico Inc., operator of more than 1,300 Long John Silver's Seafood Shoppes, reported a net profit of $3.1 million for the second quarter ended Dec. 21, a 34% decline from last year's second quarter. Revenues for the quarter were $115.4 million, a 5% increase over year-earlier results.

For the six months, the chain posted a net profit of $9 million, down 13.5% from last year, on revenues of $241 million, a 6.5% rise over last year's first two quarters.

Jerrico, which also operates 74 Jerry's family restaurants, attributed the decline in net profit for the first six months to decreased average sales and promotion discount costs at its company-owned Long John Silver's units.

# Tokyo Bowl makes first offering

DENVER—Tokyo Bowl, a 17-unit chain of Japanese fast-food restaurants, has filed for an initial public offering of common stock—one million shares at $5 a share.

Chairman and chief operating officer David Kahn said the projected sale would net about $4.3 million. Forty per cent of that, he said, would be used for acquisitions and expansion.

This chain was founded just over two years ago by Kahn, an attorney from South Africa; Scott Anderson, whose family founded Vicorp Restaurants, and Ed Barad. Anderson is executive vice president of franchising.

Last fall Tokyo Bowl hired William Storm, the highly regarded former chief financial officer of Church's Fried Chicken, as its top financial executive. Storm is president as well as chief financial officer.

The chain has 14 units in Colorado and two in Kansas City. Some standard menu items are a rice-based dinner bowl topped with sliced beef and vegetables, chicken teriyaki and beef teriyaki.

Kahn said he was negotiating with potential franchisees. A letter of intent for Utah had been signed and a deal for Texas was in the works, he said.

The stock offering was pending approval of the Federal Securities and Exchange Commission. Kahn said he hoped the sale would occur by mid-February.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# Denny's profit rises 15% to $10.4M in 2nd quarter

LA MIRADA, Calif.—Denny's Inc. posted a 15% increase in net profit to $10.4 million for the second quarter ended Dec. 30, compared to last year's second quarter. Revenue for the period also rose by 15% over last year to $293 million.

Operating profit for the period was up 21% to $26.7 million from year to year; interest income was off 31% to $1.9 million.

Results from the first half reflect the same 15% increase in net profit over the prior year. The six-month net was $24.2 million on revenues of $613.4 million, up 17% over last year's first half.

Denny's gained the apparent advantage of Christmas-week sales in the 13-week second quarter; last year's second quarter, also 13 weeks, ended on Dec. 24. The advantage was largely nullified by severe winter weather during the last weeks of the calendar year, which forced closure of some 120 Denny's units for anywhere from hours to weeks, according to Vern O. Curtis, president.

Curtis attributed the quarterly gains in revenues and margins to generally stronger operations and improved promotions and advertising.

Restaurant division revenue of $230.2 million were up 17% over last year's second quarter, while the division's operating profit increased 32% to $22.1 million. Divisional operating margins grew to 9.6% from 8.5% a year ago. Menu prices were increased 4% in the quarter, and company-operated domestic restaurants increased sales by 7% to $240,000.

The Winchell's Donut House division suffered a 16% decline in operating profit to $3.7 million during the quarter, although revenue was up 6% to $44.8 million. Menu prices were raised 5% during the quarter, and average doughnut shop sales were up 6% over last year to $53,500.

On Jan. 12, Winchell's began an off-price promo in most areas (a dozen doughnuts for $2.79), aimed at boosting sales. The plan "will make us very competitive with supermarkets and others who sell doughnuts and will open a whole new market for us," Curtis said. The discount plan would not affect Winchell's regular-price core customer, who typically buys a doughnut or two with a beverage in the morning, Curtis said.

Acquisition of all 78 Colony Kitchen restaurants by Denny's for $13.6 million cash, begun in the second quarter, was still in progress at presstime.

The company's 21-unit El Pollo Loco division has 15 additional sites under development, Curtis said. These will utilize a new freestanding building design, and most will have drive-thru service. The company expects to open a total of about 40 units by the end of 1984, and should begin TV advertising of the Mexican-style char-chicken concept when the current size of the chain is doubled, Curtis said.

On Jan. 27, El Pollo Loco moved its divisional headquarters from downtown Los Angeles to Santa Fe Springs, Calif., only blocks from corporate headquarters in La Mirada.

SPOTLIGHT ON FINANCE
See page 14

## Grandma Lee's cuts losses

MISSISSAUGA, Ontario—Grandma Lee's, a 100-unit chain of bakery restaurants, has cut its losses to $3 million (Canadian) for the year ended June 30 from $8.5 million the year before.

Ontario securities authorities had temporarily banned trading in the company's stock because its fiscal 1982 financial reports weren't filed on time.

The company, for the second consecutive year, questioned its own ability to continue as a going concern. Its troubles began four years ago in connection with controversial accounting techniques.

## Southern Hospitality profit increases 47%

NASHVILLE—Net profit for Southern Hospitality, a Wendy's and Mr. Gatti's franchisee, rose 47.4% to $328,196 in the second quarter ended Nov. 30, compared to the same period last year.

Revenues were up 28.6% to $8.7 million.

For six months profit was up 45.3% to $602,229, while revenues increased 36.5% to $16.7 million.

In a statement on the results, chairman R. Wayne Oldham noted that the introduction of baked potatoes at Wendy's was an "outstanding success."

"Primarily as a result of the new baked potato, same-store sales for November were up over 30% in our Wendy's units," stated Oldham.

The company said it hired more than 300 people in September and October to handle the expected increase in business at Wendy's.

Southern Hospitality operates 25 Wendy's, 12 Mr. Gatti's Pizza Restaurants, 5 Ireland's and 2 Tempo's.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Consul | 3 mos.<br>6 mos. | 11/30 | | | $ 13.981<br>27.000 | 200.0<br>92.0 | $ 0.120<br>0.801 | 30.0<br>95.0 |
| Creative Restaurant Ent. | 6 mos. | 9/30 | | | 14.400 | 23.0 | 0.792 | 107.0 |
| Hilton Hotels | 12 mos.<br>3 mos. | 12/31 | | | 669.600<br>179.700 | 8.0<br>18.0 | 112.600<br>25.100 | 35.0<br>34.0 |
| Jerrico | 3 mos.<br>6 mos. | 12/21 | | | 115.400<br>241.000 | 5.0<br>6.5 | 3.100<br>9.000 | – 34.0<br>– 13.5 |
| Luby's | 3 mos. | 11/30 | | | 38.900 | 14.0 | 3.600 | 14.0 |
| Nankin | 3 mos.<br>9 mos. | 10/9 | $0.365 | 0.111 | 218.000 | 76.0 | – 0.690<br>0.173 | |
| Southern Hospitality | 3 mos.<br>6 mos. | 11/30 | | | 8.700<br>16.700 | 28.6<br>36.5 | 0.328<br>0.602 | 47.4<br>45.3 |
| Vie de France | 6 mos. | 12/11 | | | 24.200 | 32.0 | 2.400 | 32.0 |
| Western Steer | 3 mos.<br>9 mos. | 11/4 | | | 9.020<br>24.700 | 28.0<br>25.0 | 0.494<br>0.949 | 65.0<br>34.0 |

Source: *Company earnings reports*

**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Operators shun drunk driving responsibilities

*A new* Nation's Restaurant News *study reveals that while restaurant and bar operators across the country increasingly are being blamed for drunken driving accidents, a significant number of these have taken no action to thwart the problem and prevent suits or license revocations.*

*(Continued from page 1)*
being singled out for blame for accidents involving drunken drivers. And as public pressure for tougher drunk driving laws grows, restaurant operators are being challenged to come up with policies on responsible liquor service.

The *Nation's Restaurant News* survey shows that the tough drunk driving laws are apparently discouraging some patrons to get behind the wheel after a few drinks. While 22% of all operators surveyed said their liquor sales have decreased in the midst of heightened publicity about drunk driving, the decrease was higher among chain operations, such as themers, than among independent restaurants. About one-fourth of all chain operators reported decreased sales, compared to only 15% of independents.

On the average, the sales decrease amounted to nearly 12% for all restaurant types combined.

A full 70% of all operators said they felt personally responsible for making sure that their patrons don't leave their establishments intoxicated; the rest, however, felt no responsibility.

Those who said they are responsible cited "moral obligations," legal liability, concern for the reputation of the establishment and a fear of seeing their customers or others hurt in drunk driving accidents as reasons for trying not to allow guests to leave intoxicated.

On the other hand, some of the operators who claimed no personal responsibility said it was up to the patrons themselves to make sure they don't get drunk, while others said it's difficult to judge or monitor liquor consumption. Still others said some guests come in already intoxicated, so their establishment should not have to bear the burden of responsibility.

When asked what steps they've taken to deal with their new legal responsibility—a number of states are now putting dramshop statutes on their books (under which the innocent victim of a drunk driving accident can sue the liquor server), 50% said they simply refuse to serve a customer if they feel he or she is intoxicated.

Providing alternate travel arrangements to intoxicated guests, was cited by 14%. Other steps include serving of food and coffee, calling security or police if necessary, paying more attention to a customer's age, and taking out increased liability insurance.

No special measures were reported by 15% of all operators surveyed.

A bit over half—53%—said they do not have any formal procedures to deal with intoxicated persons. The percentage was higher among independents—70%—than among chain operations—42%.

Of those who are taking measures related to the prevention of drunk driving, 70% said they train their staffs to recognize signs of intoxication; 54% said they've expanded their bar/cocktail lounges to include food service and entertainment; 50% said they've instituted such special programs as offering cab rides home; 28% are pushing nonalcoholic drinks; 21% say they're deemphasizing liquor consumption altogether; 20% have become involved with public groups, such as M.A.D.D. (Mothers Against Drunk Driving) that educate of the dangers of drunk driving, and 19% are limiting the number of drinks served.

The majority—62%—of operators, however, do not have any formal training in liquor tolerance levels and legal definition of intoxication, nor do they offer such training to their employees. When broken down by type of operation, however, more chains—45%—than independent operators—28%—have such training.

Restaurant/bar operators were also asked to comment on selected statements concerning the sale of liquor.

Nearly 80% agreed "strongly" or "somewhat" with the view that as a whole, the restaurant industry is being "very responsive" to the consequences of intoxication.

A majority also felt strongly that the industry should get involved in legislative proposals aimed at curbing drunk driving/liquor service liability proposals: 68% agreed strongly or somewhat on the need to speak out "in an organized way" on dwi (driving while intoxicated) legislative proposals.

Yet 56% also said that it's "unrealistic" to think that liquor consumption by restaurant/bar patrons can be controlled or monitored by restaurant personnel.

And nearly half of all operators surveyed agreed strongly or somewhat with the suggestion that restrictions should be placed on liquor advertisements, as was done with cigarettes.

The proposal to restrict liquor ads has been made by some public interest groups who argue that many of the advertisements promote irresponsible liquor consumption, particularly by youth, by portraying drinking as a romantic or socially acceptable group activity.

Of all the operators who said they've been sued under dramshop statutes or other third-party liability laws, 10% were chain operators, while only 2.5% were independents.

Ironically, 25% of all independents said their liability insurance rates have gone up—apparently as a result of the growing number of lawsuits stemming from drunk driving accidents—while only 15% of chain operators reported rate hikes.

On the average, insurance rates went up by nearly 50%.

By all accounts, the industry feels the publicity surrounding the issue is bound to continue impacting their businesses.

One-fourth said they expect it to have generally positive consequences by raising customer and management awareness of the drunk driving problem. A smaller percentage projected among other things, that hard liquor sales will decrease while sales of less alcoholic drinks such as wine, and other alternative drinks will rise; that establishments will need to limit the number of drinks sold per customer or promote liquor less aggressively.

Still others said restaurant/bars will become more expensive to operate as insurance rates rise.

But 14% said they foresee "no major consequences" since dramshop laws have been in effect for a long time.

The restaurant/bars surveyed included 60 chains and 40 independents, with total annual sales ranging from $1 million to $71 million and more.

**The new Cimarron Rose will incorporate Victorian and Western motifs in much the same way as the prototype in Richmond, Va.**

# Cimarron Rose opens third unit

NORFOLK, Va.—A third Cimarron Rose restaurant, featuring authentically prepared Western-style menu items, has opened here on Military Highway.

The new Cimarron Rose, built from the ground up for $600,000 on the site of the Best Western Center, was designed as a reproduction of 1890's western architecture.

Decor is also reflective of the period, sporting Victorian antiques, wood paneling and western memorabilia. The stained glass ceiling in the main dining room is 150 years old and originally graced a western church.

Approximately 100 people will be employed in the 8,000-sq.-ft. restaurant, which will seat 200. The bar and lounge area, offering recorded music, dancing, pente and backgammon, will accommodate 100.

Bill Jackson, president of the Richmond-based restaurant chain, anticipates first-year volume of between $2 million and $2.5 million at the new unit. He also projects annual gross sales of $1.5 million to $2 million at the original Richmond unit, opened in April 1983, and $1.3 million to $1.5 million at the Roanoke operation. The chain averages 350 to 600 customer counts a day and an average per person check of $6 to $9.

Both the first Cimarron Rose, located on Richmond's southside, and the second unit, in the Tanglewood Mall Cinema Building, were converted from existing restaurant operations. Cimarron Hospitality Corp., the restaurant chain's parent company, plans to open three to five converted units per year in the mid-Atlantic and southeastern United States.

# Union agreement reached

SAN FRANCISCO—Hotel and Restaurant Employees Union 2 and Luisa's Restaurant here have reached final agreement on their first union contract, one that features the right of Luisa's workers to take Gay Freedom Day, 1984 as one of their five paid holidays.

This is reportedly the first union contract in the United States to include such a provision. It came after a 111-day strike by Luisa workers which included picket lines from primarily gay and lesbian clientele of the restaurant and support from San Francisco's Gay Democratic Clubs.

In addition to the paid holidays, the agreement includes medical and dental benefits at no monthly cost to employees, paid vacation and sick leave. Wages will be increased an average of 16% immediately and 14% in its second year.

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STATE LEGISLATIVE OUTLOOK
***Industry battles on 50 fronts—Pp. 33-40***

Nation's
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**Chef Jonathan Waxman's reputation preceded him to N.Y.—tables at Jams were jammed from opening day on.**

## *Waxman and Jams: Calif. comes to N.Y.*

**By Ken Frydman**

NEW YORK—Jonathan Waxman, a recognized master of the California cuisine trend that is reshaping menus in major markets across the country, has set his sights on one of fine dining's toughest markets here.

The California-born chef, whose reputation for simple and creatively prepared light-sauce items has been built at Michaels in Santa Monica, opened his own restaurant called Jam's at 154 East 79th Street.

Backing Waxman in the venture are wine merchant Melvyn Master and his wife, Janie. With Jam's, the trio have embarked on an ambitious cross-country venture that will be charted closely by restaurateurs on both coasts.

In its first weeks the 60-seat restaurant with $40-plus average checks has been turning tables twice at dinner plus drawing 25-30 lunch patrons six days a week. Waxman's reputation obviously preceded him and Jam's appears sure to get a fair trial

*(Continued on page 73)*

# Bushnell resignation fuels pizza-entertainment decline

**By Richard Martin**

SUNNYVALE, Calif.—Nolan K. Bushnell, the computer games genius and restaurant novice who dreamed up a fusion of games, robots and food service which took the industry by storm, has resigned as chairman of beleaguered Pizza Time Theatre.

The storm Bushnell created has largely subsided, leaving in its wake serious doubts about the future of the food-and-games segment which Pizza Time leads; optimistic newcomers, nonetheless, are still entering the arena.

Pizza Time's closest competition, ShowBiz, is also slumping but planning a comeback.

Replacing the earlier hoopla surrounding Bushnell's Chuck E. Cheese mascot and other kid-vid marketing lures is the growing disinterest of patrons toward repetitive video games, robot entertainers and mediocre pizza—all of which is underscored by cash-strapped Pizza Time's own admission that losses yet to be reported for the fourth quarter of 1983 will be "substantially" greater than its $3.7 million loss in the

*(Continued on page 73)*

*Seven years later*

# Fisher returns to NRA hot seat

**By Charles Bernstein**

ORLANDO, Fla.—William P. Fisher was overwhelmingly selected here earlier this month for a second term as National Restaurant Association executive vice president and staff chief . . . with a seven-year gap between terms.

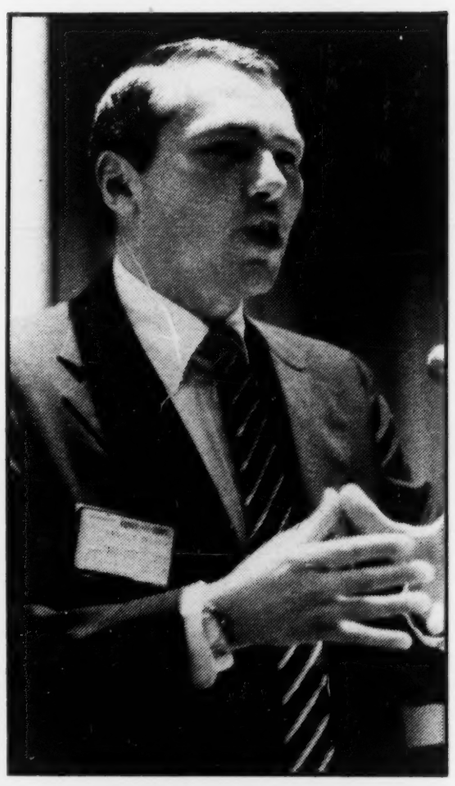
**Full coverage of the NRA's board meeting, next issue.**

He is slated to take office within the next week to succeed Robert Neville, who has persevered despite a serious illness for many months.

The final clearcut choice and ratification came in a series of unanimous votes by the NRA's search committee, executive committee and board of directors after previous discussions as to whether a totally new face was needed to head the NRA or whether the Fisher brand of strong administration and effective organization that proved relatively successful from 1972 to 1977 would be the right antidote to the NRA's serious challenges of the 1980's. (See Editor's Corner, Page 6.)

With no visible dissent, the NRA's committee members and the entire board said yes to Fisher's nomination out of 126 candidates in the race. NRA committee leaders and sources refused to say who the finalists were, but it was learned that the executive director of a prominent trade association in an entirely different field and Donald I. Smith, who has been fighting his controversial ouster as director of the Michigan State HRI School, were the leading names that the search

*(Continued on page 73)*



**William Fisher**

# *'Gourmet' burger bandwagon hits both coasts*

## Beefsteak Charlie's concept slated for mid-April opening

**By Joe Edwards**

NEW YORK—Beefsteak Charlie's is developing a chain of "gourmet" burger restaurants by converting "many" of its 68 East Coast dinnerhouses to the new concept, company officials disclosed earlier this month.

At the same time, the company is proceeding with a renovation program designed to modernize its older steakhouses and make them more competitive by lowering average checks and offering a wider choice of non-beef items, including seafood and Mexican-style food.

Both programs are designed to better utilize Beefsteak Charlie's valuable real estate holdings, build customer traffic which has fallen off in the last two years, capture a share of the blossoming adult fast-food market and re-establish the chain's traditional price-value perception among consumers.

If the renovation and conversion programs proceed as planned, Beefsteak Charlie's will be a radically altered company by this time next year, operating a trendy "gourmet" burger chain and a scaled-down chain of new-look dinnerhouses.

"We're looking to thin out our [steakhouse] chain, renovate some restaurants and introduce a new concept with a lower check average," explained vice president and treasurer Marvin Shore.

The as-yet-unnamed "gourmet" burger concept is designed for high unit volumes and a higher-than-average liquor to food sales ratio, another spokesman said. Average per-person checks will be about $5, compared to the $12 average at Beefsteak Charlie's.

Geared to what one official called "the post-McDonald's generation," the "gourmet" burger units will feature cooked-to-order hamburgers with a variety of toppings, freshly made pasta entrees, several salads, specialty drinks and imported beers and make-your-own ice cream sundaes.

These converted units will have an "international cafe atmosphere," waitress service, moderate menu prices and a wide range of specialty drinks, including frozen and ice cream cocktails, espresso and cappuccino.

*(Continued on page 73)*

## Vic Station looks to Bonkers to help cut staggering losses

LARKSPUR, Calif.—Victoria Station is opting to trade boxcars for burgers in its newest strategy to overcome staggering, ongoing losses.

While reporting a $1.95 million net loss on revenue of $30 million for the third quarter ended Jan. 8, the 97-unit chain of dinnerhouses disclosed plans to jump on the upscale burger bandwagon with conversion to a new concept, Bonkers.

The company said it anticipated conversion of a "significant number" of its restaurants to the fast-growing segment, starting with two units in unspecified locations set for mid-year debuts.

Bonkers will feature a new exterior and interior design, while the traditional Victoria Station railcar concept would continue in nonconverted units. The company had previously said it would sell off a third of the 97-unit chain over the next three years.

Net losses in the third quarter were virtually identical to those of the same period last year, when the company lost $1,947,000 on revenue of $33.5 million.

*(Continued on page 74)*

## LATE NEWSBREAKS

**John J. Hooker, founder of the old Minnie Pearl chain, and Howard Lipman, president of Spats theme restaurants, each is eying separate strictly drive-thru and takeout units featuring 2-oz. burgers. Each is based in Nashville. (Full details, next issue.)**

**Edward J. Marklow III has been promoted from senior vp to president and coo of 466-unit Little Caesar Pizza. Founder Michael Ilitch remains chairman and ceo.**

**Talks were continuing beyond earlier deadlines at presstime on the proposed leveraged buyout of Arby's parent Royal Crown by financier Victor Posner's Chesapeake Insurance.**

**Merrill J. Anderson, 51, chairman and ceo of Minneapolis-based Consul Corp., operator of 25 franchised Chi-Chi's Mexican dinnerhouses, was killed earlier this month along with his wife in a private plane crash in the Colorado mountains near Durango.**

FINANCIAL NEWS

# $3 billion '83 revenue Marriott's highest ever

WASHINGTON—Marriott Corp's annual revenue hit the $3 billion mark for the first time last year, a 19% gain over fiscal 1982. Net profit for the year ended Dec. 30 rose 22% over the prior year to $115.2 million.

Fourth-quarter net profit of the diversified food-service, lodging and entertainment company reached $31 million on revenues of $948.8 million, increases of 21% and 20% respectively over 1982's comparable quarter.

President J. Willard Marriott Jr. attributed the company's strong showing for the year to improvements in all major divisions. Operating profit, he said, benefited most from increased business and airline travel as well as from continued unit growth.

"Sales have doubled in the past five years and nearly tripled in the past seven years," Marriott remarked. "Our operating strengths and unit expansion provide a solid basis for the achievement of our financial goals throughout the 1980's—which include averaging 20% annual earnings growth and maintaining return on equity of 20%."

For the year, Marriott hotels and resorts posted a 21% gain in sales over fiscal 1982. Operating profit in this sector rose 12% over '82 results, excluding asset sales in both years and the effect of a syndication in 1982. In all, the chain added 14 hotels and expanded eight existing properties, increasing by 5,600 the total number of rooms in the system.

In the contract management division, sales improved by 16% over 1982, while operating profit rose 30% excluding a nonrecurring write-off in 1982. While profits were improved in all major contract feeding areas, domestic airline catering and airport terminal operations showed the largest gains due to an estimated 6% rise in airline travel.

Marriott's restaurant division, the company's star performer for the year, posted sales gains of 24% over 1982 results with operating profit rising 27% over year-earlier figures. Gains were registered in all three major restaurant divisions—Roy Rogers, Bob's Big Boy and Host Specialty Restaurants.

## Consul Corp. 2nd qtr. profit up 30%

MINNEAPOLIS—Consul Corp., franchisee of Chi-Chi's Mexican Restaurants, reported that net profit for the second quarter ended Nov. 30 rose 30% to $120,561 compared to the same period a year earlier.

Revenues for the quarter doubled to $13,981,236.

For six months net profit increased 95% to $801,421, as revenues rose 92% to $27 million.

Chairman Merrill Anderson stated that unit volumes were up for the first six months of the fiscal year.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Feb. 10 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A & M Food Svc | AMFD | 8.00 | 6.00 | 6.25 | -1.75 | -21.88 | 8.75 | .00 | -.24 | -2.86 | -1.68 | 4.81 | .38 | .47 N | NC | 17.0 | 4.8 | 13.3 | .00 | .0 | 00-00-00 | 21.0 | 1.0 | .9 | .39 | 1.09 | 1282 |
| Acapulco Y Los | ALAR | 5.38 | 5.13 | 5.25 | -.25 | -4.55 | 7.50 | 5.00 | -.15 | -.39 | -3.07 | 27.45 | -1.96 | -2.01 F | -20.0 | -42.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 34.25 | 28.75 | 29.13 | -5.13 | -14.96 | 38.50 | 27.13 | -.31 | -.30 | -.23 | -21.30 | 2.52 | .49 Q | 22.0 | 45.0 | 8.6 | 10.7 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 50.75 | 46.50 | 47.00 | -3.00 | -6.00 | 55.25 | 36.13 | -.10 | -.35 | -1.87 | -36.18 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 10.4 | 2.05 | 4.4 | 11-25-83 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 14.50 | 12.88 | 13.50 | -1.00 | -6.90 | 18.50 | 9.66 | .35 | -.49 | -.81 | 23.98 | .72 | .45 Q | 128.5 | -1.0 | 3.6 | 16.9 | .12 | .9 | 12-12-83 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 4.25 | 3.50 | 3.75 | -.38 | -9.09 | 9.75 | 3.50 | -.40 | -2.05 | -4.21 | .71 | -1.30 | -2.18 F | -247.7 | -27.0 | -6.8 | NE | .00 | .0 | 00-00-00 | 98.2 | -6.7 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 22.25 | 19.50 | 20.75 | -1.50 | -6.74 | 26.81 | 19.41 | -.15 | -.32 | -1.62 | 30.22 | .89 | .12 S | 14.1 | 23.0 | 7.5 | 21.4 | .26 | 1.3 | 02-10-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 7.13 | 5.75 | 6.38 | -.75 | -10.53 | 11.25 | 5.38 | -.21 | -1.22 | -5.86 | 14.99 | .55 | -.97 N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.6 | 01-24-84 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 10.00 | 8.50 | 8.75 | -1.25 | -12.50 | 11.50 | 8.34 | -.31 | -1.14 | -5.34 | -47.04 | .53 | -.03 N | -4.9 | 8.0 | 4.6 | 15.1 | .16 | 1.8 | 01-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 4.50 | 3.75 | 4.50 | .13 | 2.86 | 8.38 | 3.50 | -.79 | 3.01 | 1.90 | 47.22 | .00 | .00 Q | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0683 |
| Carrols Cp | CRL | 9.25 | 8.00 | 8.13 | -.88 | -9.72 | 11.88 | 4.19 | -.58 | -.50 | 1.16 | -18.32 | .50 | .26 Q | 83.8 | 99.0 | 3.6 | 14.3 | .05 | .6 | 12-23-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chi-Chi's | CHIC | 19.88 | 17.00 | 17.88 | -2.75 | -13.33 | 29.00 | 13.94 | -1.00 | -.10 | 4.53 | -31.53 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 33.7 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 13.50 | 10.25 | 13.13 | 1.38 | 11.70 | 24.38 | 10.25 | -.07 | 4.49 | 2.89 | 71.33 | .64 | .14 Q | 29.7 | -2.0 | 4.0 | 21.5 | .50 | 3.8 | 12-09-83 | 111.6 | 4.5 | 2.9 | .34 | 6.76 | 0783 |
| Churchs Fr Ch | CHU | 24.63 | 22.50 | 22.88 | -1.50 | -6.15 | 33.50 | 22.00 | -.12 | .46 | -2.63 | -7.35 | 2.19 | -.27 N | -11.8 | 11.0 | 10.1 | 11.4 | .72 | 3.1 | 01-23-84 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.00 | 2.75 | 2.75 | -.13 | -4.35 | 4.00 | 2.63 | -.33 | -.95 | -2.13 | -14.58 | .13 | .46 S | NE | 30.0 | 2.1 | 9.5 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.50 | 16.25 | 17.50 | -2.25 | -11.39 | 21.63 | 12.19 | -.34 | .66 | -.71 | -22.03 | 1.47 | .30 S | 22.5 | 28.0 | 3.8 | 10.7 | .20 | 1.1 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 19.28 | 16.91 | 18.25 | -.91 | -4.73 | 19.28 | 14.53 | .91 | -1.43 | -3.03 | -5.87 | .08 | .08 F | NC | NC | 1.3 | 228.1 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 12.63 | 11.25 | 11.75 | -1.75 | -12.96 | 18.75 | 11.25 | -.56 | -.51 | -1.33 | -14.87 | .26 | .30 S | 500.0 | 40.0 | 2.5 | 36.7 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 17.75 | 16.75 | 16.75 | -1.00 | -5.63 | 27.34 | 13.84 | -.70 | .39 | 4.23 | -13.18 | .86 | .09 Q | 12.0 | 25.0 | 4.4 | 19.9 | .14 | .8 | 11-28-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 34.13 | 30.75 | 31.63 | -1.38 | -4.17 | 39.25 | 28.63 | -.28 | -.04 | 2.77 | 5.96 | 2.54 | .15 S | 5.8 | 12.0 | 3.8 | 11.7 | .72 | 2.3 | 03-06-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 16.00 | 14.25 | 15.00 | -1.25 | -7.69 | 25.50 | 14.25 | -.66 | .80 | .15 | -41.50 | .65 | .06 N | 10.0 | 110.0 | 15.8 | 22.7 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 20.75 | 18.50 | 19.13 | -2.00 | -9.47 | 28.75 | 17.00 | -.62 | 1.27 | .30 | -16.78 | 1.62 | .22 F | 15.7 | 26.0 | 9.7 | 11.8 | .28 | 1.5 | 11-01-83 | 81.6 | 7.9 | 1.2 | 12.87 | 15.97 | 1082 |
| Fast Food Oper | POPI | 1.75 | 1.44 | 1.44 | -.25 | -14.81 | 4.63 | 1.44 | -1.32 | -3.64 | .87 | -13.87 | .05 | .05 N | NC | 81.0 | 6.5 | 28.8 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 30.25 | 28.38 | 28.75 | -1.00 | -3.36 | 32.94 | 14.06 | -.05 | -.47 | -.83 | -9.09 | 1.85 | .77 S | 51.3 | 25.0 | 3.7 | 12.7 | .40 | 1.4 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 7.25 | 6.38 | 6.50 | -1.00 | -13.33 | 15.88 | 6.38 | -.57 | -.23 | -1.01 | -2.31 | -.20 | -.46 N | NC | 12.0 | -3.2 | NE | .00 | .0 | 00-00-00 | 25.0 | -.8 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.25 | 10.00 | 10.25 | .25 | 2.50 | 12.00 | 7.50 | .42 | .55 | -4.92 | 10.00 | -1.10 | -2.11 Q | -185.0 | -33.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 55.38 | 50.38 | 51.00 | -4.25 | -7.69 | 60.25 | 42.25 | -.17 | .04 | 1.32 | -8.05 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 12.1 | 1.80 | 3.5 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 48.63 | 44.25 | 44.25 | -4.50 | -9.23 | 59.00 | 35.00 | -.10 | -.44 | 3.77 | -41.03 | 2.50 | .71 N | 29.3 | 14.0 | 6.8 | 14.1 | .84 | 1.9 | 12-19-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 21.50 | 16.00 | 18.00 | -3.38 | -15.79 | 30.78 | 15.31 | -.05 | -.65 | 1.23 | 3.72 | .70 | .46 N | 76.6 | 80.0 | 2.8 | 17.0 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 8.50 | 8.25 | 8.50 | .00 | .00 | 12.25 | 6.50 | .77 | .57 | -.58 | -9.64 | .00 | -.79 Q | -114.4 | -16.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0683 |
| Intl Dairy Queen | INDQ | 34.50 | 33.50 | 33.50 | -1.00 | -2.90 | 40.00 | 26.50 | .03 | -.04 | 4.57 | 13.39 | 2.94 | .77 F | 35.4 | 72.0 | 6.2 | 11.4 | .00 | .0 | 00-00-00 | 116.7 | 7.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 16.00 | 13.50 | 13.50 | -2.50 | -15.63 | 23.00 | 7.56 | -1.15 | -2.78 | -.75 | 33.06 | .92 | .94 S | 241.0 | 63.0 | 4.8 | 10.2 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 14.75 | 12.38 | 12.88 | -2.13 | -14.17 | 18.13 | 11.63 | -.33 | -.59 | -2.84 | 6.38 | 1.00 | .06 Q | 6.2 | 22.0 | 4.1 | 12.6 | .20 | 1.6 | 10-31-83 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 15.00 | 12.75 | 14.75 | -.88 | -5.60 | 23.13 | 12.75 | -.71 | 1.97 | 3.89 | 26.51 | 1.33 | -.07 S | -5.3 | 17.0 | 4.6 | 11.9 | .12 | .8 | 01-30-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.38 | 4.75 | 5.00 | -.25 | -4.76 | 10.75 | 4.75 | -.13 | .48 | -2.49 | -21.25 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 12.63 | 10.50 | 10.75 | -1.88 | -14.85 | 18.75 | 10.50 | -.38 | -2.70 | -3.08 | 17.40 | .40 | .18 S | 62.0 | 56.0 | 6.3 | 22.9 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 28.00 | 23.25 | 24.13 | -4.13 | -14.60 | 43.75 | 20.19 | -.44 | -1.39 | -.51 | -3.64 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 15.8 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.50 | 31.75 | 32.50 | -1.75 | -5.11 | 39.75 | 28.00 | -.46 | -.64 | -1.79 | 29.21 | 1.53 | .18 Q | 12.8 | 28.0 | 9.8 | 20.6 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0683 |
| Marcus Corp | MRCS | 12.88 | 12.38 | 12.38 | -.50 | -3.88 | 15.13 | 10.00 | -.24 | -.47 | 1.82 | -16.67 | 1.28 | .27 S | 23.6 | 7.0 | 6.1 | 8.8 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 69.38 | 63.00 | 64.50 | -4.75 | -6.86 | 81.00 | 54.25 | -.30 | -.26 | 4.34 | 28.36 | 4.15 | .71 F | 20.6 | 37.0 | 3.8 | 15.5 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 68.50 | 63.88 | 64.00 | -3.88 | -5.71 | 74.50 | 55.75 | -.05 | -.29 | -1.38 | 2.12 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 11.1 | 1.00 | 1.6 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 16.63 | 14.88 | 15.00 | -2.00 | -11.76 | 21.06 | 14.88 | -.51 | -1.08 | -2.35 | 4.14 | 1.34 | .19 S | 15.4 | 13.0 | 4.5 | 10.6 | .40 | 2.7 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 9.00 | 8.50 | 8.63 | -.50 | -5.48 | 10.50 | 2.75 | -.32 | .14 | 1.76 | -31.93 | .45 | 1.46 Q | NE | -25.0 | 1.1 | 19.2 | .00 | .0 | 05-29-80 | 63.8 | .7 | 1.3 | 4.01 | 4.26 | 0983 |
| Nathans | NATH | 2.63 | 2.00 | 2.63 | .63 | 31.25 | 3.63 | 1.44 | -.70 | 6.38 | 4.92 | -.17 | .09 | .12 N | 120.0 | 25.0 | 1.1 | 11.9 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 17.00 | 13.25 | 15.00 | -2.00 | -11.76 | 32.75 | 13.25 | -1.09 | 2.00 | -1.28 | -26.51 | .70 | -.10 S | -13.3 | 59.0 | 3.6 | 23.1 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | .23 | .56 | -3.78 | .00 | .69 | -.81 N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 12-08-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Peoples Rest | PEPL | 6.25 | 4.88 | 5.13 | -1.50 | -22.64 | 15.13 | 4.88 | -1.25 | -1.32 | -1.87 | .52 | .28 | .04 S | 22.2 | 99.0 | 7.5 | 23.3 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 16.75 | 15.00 | 15.00 | -1.75 | -10.45 | 18.13 | 12.75 | .88 | .14 | 2.00 | -44.29 | .99 | -.43 S | -33.0 | 2.0 | 3.9 | 17.2 | .60 | 4.0 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 12.75 | 9.75 | 10.50 | -2.38 | -18.45 | 17.50 | 7.38 | -.80 | -1.86 | 7.86 | 22.89 | .55 | .70 N | 179.4 | 9.0 | 1.3 | 9.6 | .08 | .8 | 01-10-84 | 135.1 | 1.7 | 9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 5.75 | 4.38 | 4.50 | -1.63 | -26.53 | 26.00 | 4.38 | -1.91 | -1.08 | -.56 | -6.60 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 14.88 | 13.75 | 13.88 | -1.13 | -7.50 | 16.75 | 12.75 | .19 | -.61 | -1.05 | -9.84 | .37 | .41 Q | NC | 4.0 | 1.9 | 33.8 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 23.38 | 20.50 | 21.25 | -1.75 | -7.61 | 25.25 | 16.00 | .06 | .96 | -3.73 | .06 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 18.0 | .33 | 1.6 | 12-14-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 9.88 | 7.25 | 8.00 | -1.63 | -16.88 | 11.88 | 6.25 | -.83 | .72 | 6.14 | -29.49 | .13 | .86 F | NE | -24.0 | .7 | 61.5 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 18.00 | 17.25 | 17.25 | -.75 | -4.17 | 23.25 | .00 | .04 | -.17 | -5.90 | -8.77 | .57 | .63 Q | NC | 57.0 | 3.8 | 27.4 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 8.88 | 8.00 | 8.13 | -.38 | -4.41 | 11.38 | 7.00 | .44 | -.22 | -.58 | -15.54 | .77 | .12 N | 19.3 | 37.0 | 1.8 | 11.0 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 21.75 | 17.25 | 18.25 | -3.50 | -16.09 | 28.25 | 11.25 | -.71 | .80 | 5.06 | -26.22 | .52 | .20 F | 62.5 | 86.0 | 10.6 | 35.1 | .00 | .0 | 04-20-83 | 19.8 | 2.1 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 27.00 | 24.63 | 25.38 | -1.25 | -4.69 | 40.25 | 20.50 | -.56 | -.66 | .79 | 1.97 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 11.2 | .44 | 1.7 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 10.00 | 9.50 | 9.50 | -.50 | -5.00 | 15.50 | 9.00 | .42 | -.97 | -3.74 | -2.55 | .70 | -.18 S | -23.6 | 17.0 | 4.5 | 16.4 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.50 | 7.50 | 8.38 | -.13 | -1.47 | 15.00 | 7.50 | .06 | 1.18 | -.12 | 20.27 | .02 | -.81 N | -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 17.25 | 15.00 | 15.25 | -2.25 | -12.86 | 18.00 | 12.28 | .29 | .02 | .25 | -2.56 | .67 | -.35 N | -36.8 | 26.0 | 1.5 | 25.4 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.50 | 21.75 | 21.75 | -1.25 | -5.43 | 27.38 | 21.00 | -.12 | -.95 | -.01 | 6.78 | 1.17 | .46 F | 64.7 | 31.0 | 5.9 | 18.6 | .16 | .7 | 01-04-84 | 397.8 | 23.4 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 11.00 | 9.00 | 10.00 | -2.00 | -16.67 | 16.25 | 9.00 | -.95 | 1.63 | 3.39 | 37.30 | 1.01 | .09 S | 9.7 | 16.0 | 4.5 | 9.9 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 10.00 | 9.25 | 9.75 | -.25 | -2.50 | 15.50 | 6.50 | .30 | .50 | -2.26 | 32.15 | .81 | .33 F | 68.7 | 25.0 | 4.0 | 12.0 | .06 | .6 | 10-11-83 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | .23 | .53 | -4.53 | 50.00 | .37 | .56 N | 90.3 | 5.0 | .9 | 14.8 | .26 | 1.5 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.75 | 4.38 | 4.38 | -.38 | -7.89 | 7.50 | 4.38 | -.17 | -.86 | -4.23 | -5.98 | .27 | .07 S | 29.1 | 89.0 | 3.8 | 14.1 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 9.25 | 7.88 | 8.00 | -.38 | -4.48 | 10.00 | 4.00 | -.12 | -1.54 | 3.06 | 6.63 | .29 | .07 Q | 31.8 | 67.0 | 2.0 | 27.6 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 7.25 | 5.88 | 6.75 | -.63 | -8.47 | 13.63 | 5.88 | -.33 | -.81 | .65 | 14.65 | -2.39 | -1.81 N | NE | -85.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 19.75 | 18.25 | 18.50 | -.63 | -3.27 | 22.00 | 14.38 | -.26 | -.27 | -1.39 | -28.48 | 1.13 | .19 N | 17.4 | 22.0 | 7.3 | 14.5 | .32 | 1.7 | 11-03-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Western Steer | WSMP | 11.50 | 11.50 | 11.50 | .00 | .00 | 17.50 | 9.50 | .12 | .54 | 5.60 | 69.86 | .92 | -.07 N | -6.1 | 7.0 | 3.1 | 10.8 | .16 | 1.4 | 11-18-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 13.88 | 11.88 | 12.00 | -2.00 | -14.29 | 17.13 | 11.88 | -.55 | -1.49 | -2.83 | -18.38 | .63 | -.03 N | -4.7 | 11.0 | 2.6 | 20.0 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# T.G.I. Friday's net up 10%

DALLAS—T.G.I. Friday's has reported 1983 net profit up 10.3% to $10.4 million from $9.4 million in 1982. Revenue for the year jumped 22.3% to $229.5 million.

Fourth-quarter profit slipped 5% from the year-earlier period to $1.65 million on a gain in revenue from $48.6 million to $55 million. The company's 1983 fourth quarter, ended Jan. 2, consisted of 12 weeks as compared with 13 weeks for the fourth quarter of fiscal 1982.

Daniel R. Scoggin, president and chief executive officer of T.G.I. Friday's, attributed the lower-fourth-quarter earnings to one-time interest expenses, higher costs of labor and benefits associated with new restaurant openings and future expansion plans, and the closing of one restaurant.

"Of the 14 new restaurants opened during the year, four were opened in the fourth quarter," said Scoggin. "We did not exercise our lease option on an older Friday's in Tampa which was below our current standards and was replaced with two recently opened Friday's in the area," he added.

T.G.I. Friday's operates, franchises and licenses more than 85 casual theme restaurants coast-to-coast known as T.G.I. Friday's, Dalt's and Fast Friday's. The company plans to open 20 to 25 new restaurants this year, including a new prototype for its Dalt's concept.

# Chi-Chi's acquires Boston franchisee

LOUISVILLE, Ky.—Chi-Chi's Inc. said it acquired its Boston franchisee, Chi-Chi's of New England Inc., for common stock valued at $10 million.

The franchisee operated three of the chain's Mexican dinnerhouses and owned the rights to territory big enough to support six more outlets, the company said.

Chi-Chi's said it will swap 418,704 newly issued shares for the franchisee. The company has 26.9 million shares outstanding.

The six-year-old company began a strategy of buying back franchisees in early 1982 after halting the sale of massive territorial agreements in 1981.

Since then, Chi-Chi's has purchased three franchisees, reacquiring the rights to much of the eastern parts of the United States.

Kelly-Johnston Enterprises of Oklahoma City, Okla., which operates some 25 Chi-Chi's, is often mentioned as a likely candidate for a future buy-back.

The company netted $8 million, an 82% gain over the previous year's six-month period, on $74.3 million in revenue, a 68% advance.

# ARA profit rises 16% in first qtr.

PHILADELPHIA—ARA Services, continuing its strong showing established during fiscal 1983, posted a net profit of $16 million for the first quarter ended Dec. 31, a 16% increase over last year's initial three months.

Revenue for the quarter was $843 million, up 13% over year-earlier results.

ARA president and ceo Joseph Neubauer, noting that "all five of the company's segments showed improved sales and operating income" during the quarter, attributed the positive trend to "organizational changes, increased marketing efforts and clearly defined financial strategies" instituted during fiscal 1983.

In the area of food and refreshment services, ARA's vending Services division and Canadian operations showed the most significant increases for the quarter, with the Air Group the only weak performer in the segment.

# G. D. Ritzy's loses $809G in '83

COLUMBUS, Ohio—G. D. Ritzy's, a burger and ice cream chain, trimmed its deficit to $809,000 for the year ended Dec. 31 from a $993,000 net loss in 1982.

Year-long revenue was up 201% to $9 million from the year before.

In the fourth quarter, the 3½-year-old company posted its first profit—$40,000—compared to the previous year's $381,000 net loss.

"This is a definite benchmark," said chairman Graydon D. Webb. "We're continuing a tradition of decreased losses leading to a profit."

G. D. Ritzy's finished the year with 58 units, 32 of them franchised. In addition, 13 were under construction, eight of them by franchisees.

Webb predicted the chain would number 160 units by the end of 1984 as 75 more franchised units opened. Revenue, he said, would double, net profit, he wouldn't say.

Systemwide sales for the year were $13.1 million and $4.8 million for the fourth quarter.

Ritzy's sells premium-priced ice cream and sandwiches in a 1940's atmosphere.

# Raffles going public to raise $24M

MIAMI—With plans to shift restaurant expansion into high gear, Creative Restaurant Enterprises, operator of seven Raffles Bar & Grills, has filed to go public and raise up to $24 million.

The 13-year-old company hopes to sell at least 1.6 million shares priced at $12 to $14 each.

The company plans to use its share of the windfall to build seven more pub-restaurants over the next 18 months. Since the first Raffles opened in December 1979, the firm's emphasis has gradually shifted from catering for speedways and movie theaters to restaurants.

Creative Restaurant Enterprises' recreational food-service division handles catering and merchandising operations at about 100 movie theaters in the Southeast and at several race tracks, including the one known for the Dayton "500."

The Raffles concept rests heavily on alcoholic beverage sales, though the company is building up food sales to smooth out the traffic fluctuations bars suffer as they go in and out of style.

The first Raffles was opened in Miami's Dadeland Mall. Others followed in Lakeland, Orlando, Fort Myers and north Miami, Fla., and in Atlanta, Ga.

For the six months ended Sept. 30, Creative Restaurant Enterprises posted net profit of $792,000, a 107% jump over the same 1982 period.

# Hamburger Hamlet profit increases to $321,224

BEVERLY HILLS, Calif.—Hamburger Hamlets Inc. has posted a 126% increase in net profit to $321,224 for the third quarter ended Dec. 25, from $141,898 for the same period last year. Net sales for the period were $8.8 million, compared to $8.3 million a year ago.

Nine-month net profits were up 93% to $617,866 on a 5% gain in sales to $26.2 million, compared to last year's first 39 weeks. The company said the nine-month sales figure was the highest for any like period in its 33-year history.

Construction is set to begin soon on the company's new Hamlet Garden restaurant in Westwood Village, its second restaurant in that district of Los Angeles. The 22-unit upscale burger chain, founded here by Marilyn and Harry Lewis, operates 17 units in the Los Angeles area, four in the Washington, D.C. area and one in Chicago.

# Taco Viva net increases 36%

POMPANO BEACH, Fla.—Taco Viva reported that net profit for the second quarter ended Nov. 30 increased 36% to $200,000, compared to the same period the previous year.

Sales were up 49% to $5.2 million in the quarter.

For six months net profit rose 22% to $435,000 and sales went up 47% to $10.3 million.

J. Brion Foulke III, president, said the third quarter had the highest sales and profits in Taco Viva's 16-year history.

# Holiday Inns profit rises 28% in '83

MEMPHIS—Holiday Inns reported a 28% rise in net profit to $124.4 million for fiscal 1983. Revenue was up 11% to $1.59 billion.

Profit for the fourth quarter was up 55% to $15.4 million on a 17% rise in revenue to $393.9, compared to the same period a year earlier.

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## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| ARA Services | 3 mos. | 12/31 | | | $ 843.000 | 13.0 | $ 16.000 | 16.0 |
| Big Bite | 3 mos. | 9/30 | | | 4.700 | | 1.500 | |
| Chi-Chi's Inc. | 6 mos. | 10/83 | | | 74.300 | 68.0 | 8.000 | 82.0 |
| Consul Corp. | 3 mos. | 11/30 | | | 13.981 | 200.0 | 0.120 | 30.0 |
| | 6 mos. | | | | 27.000 | 92.0 | 0.801 | 95.0 |
| Creative Rest. Ent. | 6 mos. | 9/30 | | | 14.400 | 23.0 | 0.792 | 107.0 |
| G. D. Ritzy's | 12 mos. | 12/31 | $13.100 | | 9.000 | 201.0 | – 0.809 | 107.0 |
| | 3 mos. | | 4.800 | | | | 0.040 | |
| Int'l Dairy Queen | 12 mos. | 11/30 | | | 99.300 | 17.5 | 7.200 | 16.7 |
| | 3 mos. | | | | 23.500 | 19.5 | 0.982 | 11.7 |
| Jerrico | 3 mos. | 9/30 | | | 125.600 | 8.0 | 5.900 | 3.0 |
| Luby's Cafeterias | 3 mos. | 11/30 | | | 38.900 | 14.0 | 3.600 | 14.0 |
| Marriott | 12 mos. | 12/30 | | | 3,000.000 | 19.0 | 115.200 | 22.0 |
| | 3 mos. | | | | 948.800 | 22.0 | 31.000 | 21.0 |
| Nankin Express | 3 mos. | 10/9 | | | 0.218 | 76.0 | – 0.069 | |
| | 9 mos. | | 0.365 | 111.0 | | | – 0.173 | |
| Piccadilly Cafeterias | 3 mos. | 12/31 | 44.700 | 12.0 | | | 2.400 | – 5.0 |
| | 6 mos. | | 85.500 | 10.0 | | | 3.700 | – 16.0 |
| Po Folks Inc. | 3 mos. | 1/1 | | | 23.300 | 63.0 | 0.798 | 65.0 |
| Taco Viva | 3 mos. | 11/30 | 5.200 | 49.0 | | | 0.200 | 36.0 |
| | 6 mos. | | 10.300 | 47.0 | | | 0.435 | 22.0 |
| T.G.I. Friday's | 12 mos. | | | | 229.500 | 22.3 | 10.400 | 10.3 |
| | 3 mos. | 1/2 | | | 55.000 | 13.1 | 1.650 | – 5.0 |
| Vie de France | 6 mos. | 12/11 | | | 24.200 | 32.0 | 2.400 | 32.0 |
| Western Steer | 3 mos. | 11/4 | | | 9.020 | 28.0 | 0.494 | 65.0 |
| | 9 mos. | | | | 24.700 | 25.0 | 0.949 | 34.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

Nation's
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*The Newspaper of the Food Service Industry*

Vol. 18, No. 5 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | March 12, 1984

# FOOD SERVICE'S SECOND TIER CHALLENGES INDUSTRY GIANTS

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- *Second-tier chains—Pp. 113-153*
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## 7-Eleven expands fast-food offerings

**By David Zuckerman**

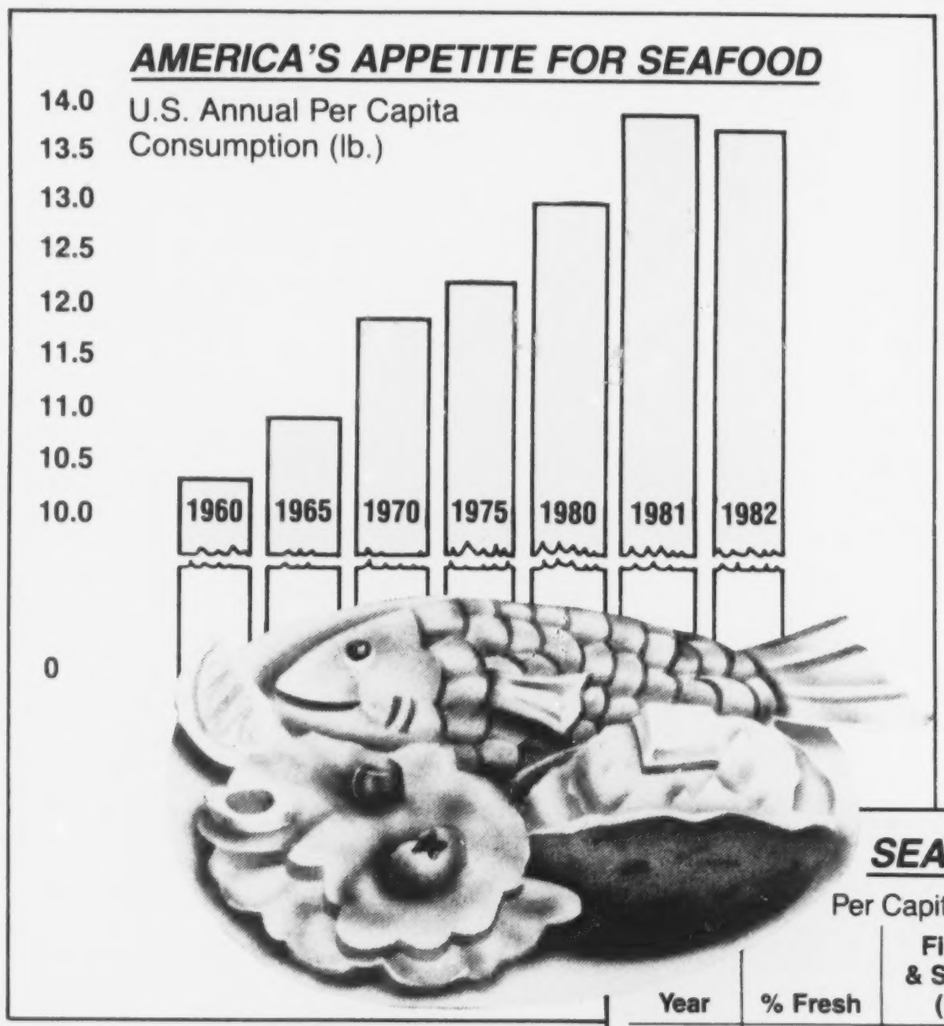
DALLAS—Southland Corp., in a continued effort to reposition its 7,300-unit 7-Eleven convenience store chain toward a higher fast-food profile, is testing made-from-scratch deli sandwiches and baked-on-premises pastries and doughnuts in a new duel-identity store design that combines the standard 7-Eleven logo with neon signage labeled JT's Bakery & Sandwich Shop.

In another test, the chain is also reportedly offering individual pouches of french fries at some stores in the San Antonio and Austin, Tex., markets. Chicken and hamburger tests have also launched in some markets, according to sources.

Currently, the JT's Bakery & Sandwich Shop concept is being tested at one location in Dallas—a converted Southern Methodist University student hangout—and one new store in Austin, Tex. The test will be expanded to other stores—some new, some converted—during the course of 1984, according to Bruce Krysiak, Southland's marketing vice president.

In what Krysiak indicated is a deliberate effort to create a new identity among consumers, the colorful neon graphics of the JT's signage used in conjunction with the traditional 7-Eleven logo give the impression that

*(Continued on page 245)*




**Long-term growth in seafood popularity has spurred recognition of a dramatic opportunity among food-service operators. At the same time Government figures show market growth somewhat stunted. Operators say it's because of shortages, as at present, and high prices that are challenging them to use every bit of ingenuity they've got to exploit the market's potential.**

**SEAFOOD PREFERENCES**

Per Capita Consumption For Selected Items

| Year | % Fresh | Fillets & Steaks (lb.) | Sticks & Portions (lb.) | Shrimp, All Preparations (lb.) |
|---|---|---|---|---|
| 1960 | * | 1.64 | 0.63 | 1.08 |
| 1965 | * | 1.68 | 1.12 | 1.24 |
| 1970 | * | 2.17 | 1.73 | 1.44 |
| 1975 | * | 2.42 | 1.80 | 1.41 |
| 1980 | 23.4 | 2.63 | 1.95 | 1.42 |
| 1981 | 22.7 | 2.74 | 1.82 | 1.47 |
| 1982 | 25.3 | 2.68 | 1.69 | 1.52 |

Source: Department of Commerce, National Fisheries Institute
*Not available

## Independents fight seafood shortages

**By Charles Forman**

Volcanic ash, windy seas and an icy winter have created a shortage of fresh seafood on both coasts that is straining merchandising creativity at scores of the nation's best-known seafood restaurants.

Frustration is rampant among tablecloth operators, who see unprecedented opportunity to cultivate tremendous potential demand for seafood threatened by nature's indifference and skyrocketing prices.

Chains claim buying power has protected them so far, but many independents say the cost for some of their most popular seafood items have doubled in less than a year, driving up menu prices accordingly.

"We have to reflect cost in what we charge," lamented Danny Brown of Paul Wimmer's Maxwell's, a 250-seat, $3 million-volume-a-year operation in Huntington Beach, Calif., where plate prices have recently increased from 50¢ to $3.

Some say they are "86-ing" (dropping) short items, shifting their menus to emphasize available specials, cutting back on fresh offerings and making more obvious the menu disclaimers that emphasize seafood's seasonality.

Others, however, are using a stronger merchandising approach, stressing combination platters, creative presentation of available items, careful portion control and development of new recipes.

At Tango in Chicago's Belmont Hotel, a 160-seater that does $2 million annual sales, owner George Badonsky, who

*(Continued on page 245)*

## HoJo pushes new mid-priced Plaza Hotel line

**By Susan Spedalle**

NORTH QUINCY, Mass.—Attempting to recoup the losses in market share which it has suffered with its Motor Lodges, Howard Johnson's is breaking new ground with a midpriced hotel chain called Plaza Hotels.

The company hopes that by injecting some excitement into the midpriced market, its 500-plus Motor Lodges will again become a viable alternative to the business traveler.

Meanwhile, it expects to pick up new business with the $40 to $60 per-night Plaza Hotels which will offer customers the restaurant/lounge, full banquets staff and meeting rooms, executive floors and increased services not currently found at the Motor Lodges. Restaurants will be all-day outlets above the coffee shop level.

"This move . . . is a natural extension of our lodging business," said ceo G. Michael Hostage. "It will go beyond our traditional highway-oriented markets and will broaden our appeal to both business and leisure travelers."

The new concept is the project of ceo Hostage and Manuel M. Ferris, president of the hotel group, who joined Howard Johnson's just six months ago. Ferris was formerly president of Sheraton Hotel's North America division.

The two execs were involved in much of the research which led the company to introduce Plaza Hotels. Business travelers, they found, never considered staying at a Howard Johnson Motor Lodge because the needed services were not offered. This led Ferris and Hostage to the creation of a new concept which could piggy-back on the old success of the Motor Lodges yet offer today's busi-

*(Continued on page 245)*

## Golden Fried seeks 70 Holly Farms units

AUSTIN, Tex.—Golden Fried Chicken, a 52-unit chain of restaurants in Texas and Oklahoma, was negotiating at presstime to buy 70 units of North Carolina-based Holly Farms Fried Chicken.

The sites would presumably be converted to Golden Fried units.

Consummation of the deal has been delayed several times but officials of both companies say a decision is due by April 5.

If the deal goes through, Golden Fried will increase its size and power in the fast-growing chicken segment and expand from its Southwest base to the Southeast. The 70 units are in North and South Carolina.

"We're now franchising heavily in the Southwest," said Dirk Dozier, president and cofounder of Golden Fried. "Purchasing 70 units lends us more credibility. It puts us on the map better."

Golden Fried's systemwide sales last year exceeded $15 million. Dozier said 30 franchised and company-owned stores are scheduled to be opened this year in Texas.

This deal is one of a continuing series of major purchases involving chicken chains in the past two years. Others include: the purchase of Lee's Famous Recipe Fried Chicken by Shoney's; Golden Skillet by International Dairy Queen; Ron's Krispy Fried Chicken by Church's Fried Chicken; Grandy's by Saga; Bojangles by Horn & Hardart, and El Pollo Loco by Denny's. However, this

*(Continued on page 245)*

## LATE NEWSBREAKS

**Overall sales at franchised food-service outlets rose 13% in 1983 and are expected to jump another 14% to $44 billion this year, according to a Government study.**

**A Burger King franchisee is expanding his Whopper Express concept to Philadelphia after tracking the success of five test units in New York City for about a year. Whopper Express has no seats and offers only Whopper burgers, one-size fries, one-size beverages and breakfast.**

**Wendy's is rolling out two new toppings for its Hot Stuffed baked potatoes—chicken a la king and beef Stroganoff. Baked potatoes with five toppings were rolled out nationally last fall and are credited with boosting real unit sales (comparative sales minus price increases) by 15%.**

**The Nuclear Regulatory Commission is coordinating a search for thousands of cast-iron restaurant table pedestals contaminated with radioactive cobalt. The pedestals were distributed in 10 states, mostly in the Midwest.**

## McD denies discrimination, heads for court showdown

**By Joe Edwards**

LOS ANGELES—Allegations that McDonald's regularly discriminates against black operators by confining them to less profitable "recycled" restaurants in poor inner-city neighborhoods have put the fast-food chain at loggerheads with an outspoken black franchisee and civil rights leaders.

The long-simmering feud between McDonald's and Charles M. Griffis has reached the courts with McDonald's suing to terminate Griffis' operating license for alleged violations of his franchise agreement, including operating two competing fast-food restaurants and failing to spend the required amounts of money on advertising.

Griffis, a seven-year McDonald's franchisee who operates four high-volume units in Los Angeles, charges McDonald's in a countersuit with racial discrimination and questions the validity and legality of the chain's standard franchise agreement.

The case, which has already become a public embarrassment for McDonald's and a cele-

*(Continued on page 228)*

## COMMODITIES

# Beef, pork prices fall from January heights

**NRN Special Report**

The progress of beef and pork supplies and prices, forecast last December, have not followed the scenario they were supposed to. The forecasts called for continued low prices through the first quarter of this year, rising steadily from then through until fall. Instead, prices jumped in January.

However, by the end of February, both beef and pork prices had fallen from the highs reached in January. There was one factor which drove the prices up: the killer cold which destroyed cattle, raised producers' costs of feeding, held down the cattle weights and prevented delivery to market. There were five factors which caused the subsequent drop in prices—in the case of pork to below the levels of the same time last year.

These five factors, all of which resulted in overfilling the distribution pipeline, were:

1) A number of smaller and marginal producers decided to get out of the market as the result of higher feed prices and the disastrous effects of the cold weather from late December through January. This dumped a lot of beef on the market, particularly breeding cows, as soon as the weather permitted shipment to market.

2) A number of larger producers decided to cut back on herds for the same reasons. In the case of both of these groups, a large number of calves was also delivered to market, instead of being held for growth.

3) The new dairy agreement that 37,530 dairy farmers signed up for. (Although some 5.5% of normal milk production will be eliminated under the program, it fell far short of the Federal Government's hoped for 10%.) The easiest way to curtail milk production for those farmers is to cut back their herds, slaughtering older cows and those with minimum production capabilities. This is expected to result in ample supplies of lower-quality beef for ground beef-based operations and budget steak houses, although not quite so much as had been estimated when the program was announced.

4) Consumers traditionally reduce red meat consumption from mid-February through March.

*(Continued on page 246)*

### PRICE MOVEMENT AT A GLANCE

| | Feb. 17, 1983 | Jan. 17, 1984 | Feb. 17, 1984 |
|---|---|---|---|
| Applesauce, Fancy, NY State (6/10) | $9.00-9.25 | $10.50-11.25 | $10.25-11.00 |
| Beef, Choice, 700-900 lb. Midwest (lb.) | $0.96 | $1.07 | $1.01 |
| Broilers, Grade A, icepack, NYC (lb.) | $0.4886 | $0.487 | $0.6524 |
| Cocoa, Ivory Coast, NYC (metric ton) | $2,067 | $2,710 | $2,642 |
| Coffee, Brazilian green beans, NYC (lb.) | $1.31 | $1.50 | $1.52 |
| Eggs, Grade A, large white, Chicago (doz.) | $0.6475 | $1.12-1.00 | $0.96-0.98 |
| Peaches, Cling, Choice HS, Calif. (6/10) | $13.50 | $16.00 | $16.50 |
| Pineapple, Slices, Fancy HS (6/10) | $16.15 | $17.10 | $17.85 |
| Pork, Choice Loins, 14-17 lb., Midwest (lb.) | $1.15 | $1.01 | $0.95 |
| Potatoes, round white, Maine (50 lb.) | $1.225 | $4.00 | $3.75 |

Source: NRN Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

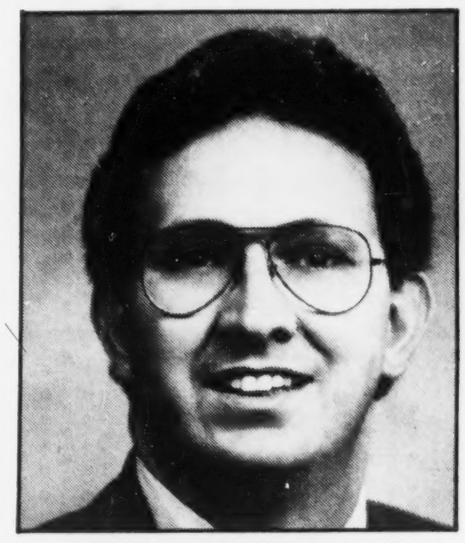
# NRA counters criticism with swift DWI measures

**By Charles Bernstein**

ORLANDO, Fla.—Amid industry criticism that it was acting "or reacting" too slowly on key issues such as the controversial "driving while intoxicated" (DWI) responsibility question and tip reporting, the National Restaurant Association's board of directors enacted some fast-moving DWI-related measures at its Disney World winter board meeting.

Acting on a resolution advanced by Government relations chairman Jim Hasslocher and his committee, the board unanimously voted to establish full educational programs for managers and servers of establishments with alcoholic beverages, to encourage the use of table tents, posters and other display materials communicating DWI dangers to managers, servers, bartenders and customers and to launch a full-fledged task force of "industry leaders" to coordinate all the projects.

Michael Grisanti of Casa Grisanti Restaurant, Louisville, was named task force chairman, and Kenneth Hill, Gilbert/Robinson president, vice chairman. Other task force members initially named were Whataburger president Jim Peterson, Creative Gourmet president Stephen Elmont, New York City restaurateur Mike O'Neal, New York State Restaurant Association president Fred Sampson and Hilton Hotels f&b senior vice president Joseph Gardiner.



Michael Grisanti

Kenneth Hill

"We believe in the moderate and responsible dispensing of alcoholic beverages," said NRA one-year president Joe Lee afterwards. "Even though restaurants and taverns dispense only one-fourth of the alcohol consumed in this country, we do recognize the tragedy that can result from driving after excessive drinking and have committed our resources to increasing public awareness and understanding of the problem."

He indicated that the workshop programs to teach servers how to deal with potential DWI situations would commence this spring through state associations, under NRA auspices.

Lee said the task force "will review education programs, public awareness programs, industry practices and alternative forms of transportation and will then make recommendations to the NRA membership on how it can best aid in the efforts to reduce incidents of drunken driving."

At the same time, the NRA board voted vehement opposition to any attempts to establish a minimum purchasing age for alcoholic beverages on the Federal level "since the 21st amendment reserves that right exclusively to the states."

Peterson, chairman of the Political Education and State Communications Committee, warned the board that the DWI question "is a formidable, powerful issue," and said three major NRA seminars would be held shortly on the problem, in Los Angeles, Chicago and

*(Continued on page 246)*

# Friendly tests O'Goodies takeout

**By David Zuckerman**

WILBRAHAM, Mass.—Friendly, the Hershey-owned family restaurant chain known for its ice cream and desserts, has quietly developed a new format—a takeout-only ice cream dipping store—that is targeted toward the heavy concentration of walking traffic at mall locations and strip centers.

Called O'Goodies, the initial test store was launched in November of last year at the Holyoke Mall in Holyoke, Mass. While the store has been achieving high volumes—reportedly $1,000-$1,500 per day—the concept is "strictly a one-store test" at this point, according to a company source.

O'Goodies, reportedly only 200 sq. ft. with no seating, appears to be cut from the same mold as other scaled-down concepts that have been springing up. McDonald's, for example, has been testing a nonhamburger McSnack, while Burger King has launched a trial run of its Whopper Express concept.

Unlike a Friendly restaurant, which features a wide variety of ice creams and desserts, O'Goodies essentially offers a single product which the customer can tailor to his or her own tastes.

Two flavors of made-on-premises ice cream—chocolate and vanilla—are served in oversized waffle cones, also made in the stores. The customer can then choose from an array of toppings and fixings displayed behind the counter.

A store employee, who stays with the customer throughout the transaction, adds each ingredient the customer chooses and then tabulates the price when the concoction is completed.

O'Goodies basic cone sells for $1.62 and comes with three ingredients—granola, chocolate sprinkles and coconut crunch. Additional toppings and fixings at 35¢ each can be added without limitation to form what the company source described as "a sundae in a cone."

Among its variety of fixings, O' Goodies features a full range of Hershey's chocolate products such as Kisses and Reese's Pieces.

While the company source would not identify the specific toppings, he indicated that such standards as chocolate sauce, hot fudge, butterscotch and various fruits are included in the mix.

*Wechsler Coffee, RA founder*

# Abraham Wechsler dies at 83

NEW YORK—Abraham Wechsler, who built the Wechsler Coffee Corp. from a small $1 million company in the 1920's to a leading $200 million coffee, tea and food-service products supplier by the 1970's, died recently after a short illness. He was 83.

A pioneer in the food-service industry, Abe Wechsler took over the company from his late father, Phillip, when barely out of his teens. Abe is also known as the original founder of the Restaurant Associates empire, which in effect was launched in 1940 when William Riker couldn't pay back a loan to Abe, and Abe thereby assumed control of Riker's coffee shops.

By 1963, when RA had become a creative giant under Jerry Brody and Joe Baum with the Newarker, the Forum, La Fonda del Sol, the Four Seasons and other famous ones of that era, Abe Wechsler discharged Jerry Brody because of what the Wechsler family now calls "serious financial problems which were occurring with RA at that time" and "not because of any family problems." (Jerry Brody and others still maintain it was because of Brody's divorce of Abe Wechsler's daughter, Grace.)

**Abe Wechsler (left) in the mid-1960's with RA chairman and ceo Martin Brody (no relation to Jerry Brody).**

Abe and his son, Robert Wechsler's son-in-law, James Slater, who since has operated the company as chairman from his Toronto office with his son,

*(Continued on page 245)*

# California mulls fast food at highway rest stops

SACRAMENTO, Calif.—Food-service operators might become partners with the State of California to provide motorists with sustenance and services along the state's highways under a bill now before the State Senate.

S.B. 1380, introduced by State Sen. Jim Ellis (R-San Diego), would allow the state's highway agency, CalTrans, and the California Transportation Commission to begin a pilot project for codevelopment of highway rest areas with the private sector, including operators of fast-food restaurants, convenience stores and gas stations.

The bill is currently being debated and modified in committee hearings and would probably not come up for a vote in the very near future, Ellis said. A spokesman for CalTrans, which codeveloped the bill along with Ellis, said it was not yet clear how private-sector participants in rest area development projects would be selected. If such projects were done as joint ventures, they could be designed "quite a bit differently" from previously developed rest areas (which feature only parking, restrooms, telephones and water fountains), the spokesman said.

None of the 92 pre-existing state-built-and-maintained rest areas would be affected by the bill. Possible sites for the pilot codevelopments include five locations CalTrans has recommended for future rest areas, including two spots on Interstate

*(Continued on page 246)*

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FINANCIAL NEWS

# Mr. Steak 1st quarter profit up 2.3%

DENVER—Mr. Steak Inc., operator of 240 restaurants in the United States and Canada, reported a net profit of $44,000 for the first quarter ended Dec. 26, a 2.3% gain over last year's initial quarter.

Revenue for the quarter was $15.3 million, an 11% improvement over year-earlier results.

Richard S. Jackson, Mr. Steak president, attributed the strong revenue showing to a 114% increase in sales of food products to grocery chains and food-service distributors. Mr. Steak, through its subsidiaries, provides processing sales and distribution of beef and associated meat and food products to the restaurant, food distribution and retail food industries.

Sales at Mr. Steak restaurants, on the other hand, were relatively flat for the quarter, impacting the chain's net profit picture. Harsh winter weather experienced in areas with a major concentration of Mr. Steak restaurants was the principal cause, Jackson said.

In addition to its restaurants and food-distribution arm, Mr. Steak distributes equipment and supplies and provides accounting services.

## Po Folks 1st qtr. net profit rises 65% to $798,000

NASHVILLE—Po Folks Inc. reported net profit for the first quarter ended Jan. 1 rose 65% to $798,000, compared to the same period last year.

Revenue rose 63% to $23.3 million.

Sales and profit figures are consolidated, representing Po Folks family restaurants and a subsidiary, Davco Food, a Wendy's franchisee.

The company said Davco had a 45% sales increase in the quarter and "corresponding earnings growth." It operated 89 Wendy's during the period, compared to 76 the year before.

Po Folks added 10 restaurants (two company-owned and eight franchised) during the quarter, making a total of 92, exactly twice as many as there were at the same time last year. Clyde Culp, president, said Po Folks was ahead of its development plan.

## Sister's franchisee's initial public offering raises $1.6 million

STERLING HEIGHTS, Mich.—SCB Restaurant Systems Inc., a five-unit Sister's Chicken & Biscuits franchisee, has raised about $1.6 million in an initial public offering.

The company was one of three operators chosen in 1980 by Sister's parent, Wendy's International, to test the chicken and biscuits concept. SCB leased the sites from Wendy's and got a break on franchise terms.

SCB, a start-up venture which is still operating at a deficit, has rights to develop 40 Sister's by 1992.

# Food-service chain stock analysis table

2 weeks ended Feb 24

| Name | Symbol | STOCK PRICE High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET Price Trend (% per day) Last 30 Days | Price Trend (% per day) Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend (% per day) Last 5 Days | EARNINGS/SHARE Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | | 5-Year Annual Growth Rate | Profit Margin | P/E Latest P/E Ratio | DIVIDENDS Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd. Date | FINANCIAL POSITION Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Last Fiscal Year (Per Share) Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 6.75 | 6.00 | 6.00 | -.25 | -4.00 | 8.75 | .00 | -.87 | -2.22 | -.57 | 11.41 | .38 | .47 | N NC | 17.0 | 4.8 | 12.8 | .00 | .0 | 00-00-00 | 21.0 | 1.0 | .9 | .39 | 1.09 | 1282 |
| Acapulco Y Los | ALAR | 5.25 | 4.25 | 4.38 | -.88 | -16.67 | 7.50 | 4.25 | -.51 | -3.23 | -2.03 | -47.32 | -1.96 | -2.01 | F -20.0 | -42.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 30.00 | 28.63 | 29.75 | .63 | 2.15 | 38.50 | 27.13 | -.45 | -.22 | -5.47 | -26.62 | 2.52 | .49 | Q 22.0 | 45.0 | 8.6 | 11.0 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 47.50 | 43.13 | 45.50 | -1.50 | -3.19 | 55.25 | 40.00 | -.33 | -.24 | 1.11 | 19.43 | 4.37 | 1.21 | Q 36.7 | -3.0 | 1.7 | 10.1 | 2.05 | 4.5 | 11-25-83 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.25 | 10.50 | 11.75 | -1.75 | -12.96 | 18.50 | 10.50 | -.34 | -2.67 | -3.37 | 45.53 | .72 | .45 | Q 128.5 | -1.0 | 3.6 | 14.7 | .12 | 1.0 | 12-12-83 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.75 | 3.50 | 3.63 | -.13 | -3.33 | 9.63 | 3.50 | -.44 | .16 | -.34 | -10.16 | -1.30 | -2.18 | F -247.7 | -27.0 | -6.8 | NE | .00 | .0 | 00-00-00 | 98.2 | -6.7 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 20.00 | 18.50 | 19.00 | -1.75 | -8.43 | 26.81 | 18.50 | -.45 | -.43 | 3.82 | -27.11 | .89 | .12 | S 14.1 | 23.0 | 7.5 | 19.6 | .26 | 1.4 | 02-10-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel | BHC | 6.63 | 5.75 | 6.00 | -.38 | -5.88 | 11.25 | 5.38 | -.48 | -.87 | 1.71 | 22.37 | .55 | -.97 | N -118.2 | -6.0 | 2.8 | NE | .10 | 1.7 | 01-24-84 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 9.50 | 8.00 | 9.00 | .25 | 2.86 | 11.50 | 8.00 | -.51 | -.38 | -4.76 | 63.98 | .53 | -.03 | N -4.9 | 8.0 | 4.6 | 15.5 | .16 | 1.8 | 01-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 4.88 | 4.00 | 4.00 | -.50 | -11.11 | 8.38 | 3.50 | .05 | -2.80 | 4.85 | -19.58 | .00 | .00 | Q NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 8.63 | 7.38 | 8.38 | .25 | 3.08 | 11.88 | 4.81 | -.56 | 1.97 | -4.15 | -2.64 | .50 | .26 | Q 83.8 | 99.0 | 3.6 | 14.7 | .05 | .6 | 12-23-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chi-Chi's | CHIC | 19.13 | 16.63 | 17.88 | .00 | .00 | 29.00 | 13.94 | -.91 | .31 | 3.13 | -6.85 | .39 | .26 | S 96.2 | 67.0 | 9.4 | 33.7 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full-O Nut | CHF | 14.88 | 12.88 | 12.88 | -.25 | -1.90 | 24.38 | 10.25 | .68 | -.55 | 4.17 | -25.88 | .64 | .15 | Q 32.6 | -2.0 | 2.9 | 21.1 | .50 | 3.9 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 23.00 | 21.25 | 22.50 | -.38 | -1.64 | 33.50 | 21.25 | -.31 | .50 | -1.02 | -21.53 | 1.66 | -.53 | F -24.2 | 3.0 | 6.8 | 13.6 | .72 | 3.2 | 01-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 2.75 | 2.63 | 2.63 | -.13 | -4.55 | 4.00 | 2.63 | -.47 | -.11 | 1.89 | 14.35 | .13 | .46 | S NE | 30.0 | 2.1 | 9.1 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 17.63 | 16.63 | 17.00 | -.50 | -2.86 | 21.63 | 13.34 | -.60 | .10 | -.25 | 14.12 | 1.47 | .30 | S 22.5 | 28.0 | 3.8 | 10.4 | .20 | 1.2 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 18.25 | 16.88 | 17.50 | -.75 | -4.11 | 19.28 | 14.53 | -.01 | -1.55 | -.54 | -11.71 | .08 | .08 | F NC | NC | 1.3 | NM | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | 40 | 1.99 | 0683 |
| Consul Corp | CNSL | 13.38 | 10.88 | 13.38 | 1.63 | 13.83 | 18.75 | 10.88 | -.47 | 3.80 | 2.63 | 30.76 | .26 | .30 | S 500.0 | 40.0 | 2.5 | 41.8 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 17.50 | 15.75 | 17.25 | .50 | 2.99 | 27.34 | 14.50 | -.27 | -1.08 | 2.59 | 48.26 | .86 | .10 | S 12.5 | 25.0 | 4.4 | 19.2 | .14 | .8 | 11-28-83 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 32.50 | 30.25 | 32.50 | .88 | 2.77 | 39.25 | 29.00 | -.15 | .76 | 4.15 | -8.34 | 2.54 | .15 | S 5.8 | 12.0 | 3.8 | 12.0 | .72 | 2.2 | 03-06-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 15.13 | 12.75 | 14.38 | -.63 | -4.17 | 25.50 | 12.75 | -.60 | -.72 | -1.03 | 15.64 | .65 | .06 | N 10.0 | 110.0 | 15.8 | 21.8 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 19.63 | 18.13 | 18.88 | -.25 | -1.31 | 28.75 | 18.13 | -.27 | -1.45 | 1.36 | 4.33 | 1.62 | .22 | F 15.7 | 26.0 | 10.2 | 11.7 | .28 | 1.5 | 11-01-83 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| Fast Food Oper | POPI | 1.63 | 1.13 | 1.63 | .19 | 13.04 | 4.63 | 1.13 | -1.57 | 8.43 | 4.03 | -27.42 | .05 | .05 | N NC | 81.0 | 6.5 | 32.5 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 28.50 | 26.38 | 26.88 | -1.88 | -6.52 | 32.94 | 14.91 | -.27 | -.32 | 1.41 | -38.54 | 1.85 | .77 | S 51.3 | 25.0 | 3.7 | 11.8 | .40 | 1.5 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 6.50 | 5.63 | 6.00 | -.50 | -7.69 | 15.88 | 5.63 | -.90 | .85 | 6.08 | -10.94 | -.20 | -.46 | N NC | 12.0 | -3.2 | NE | .00 | .0 | 00-00-00 | 25.0 | -.8 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.25 | 10.25 | 10.25 | .00 | .00 | 12.00 | 7.75 | .52 | -.20 | -8.99 | .00 | -1.10 | -2.11 | Q -185.0 | -33.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0363 |
| Hilton Hotels | HLT | 51.25 | 47.63 | 48.25 | -2.75 | -5.39 | 60.25 | 43.00 | -.25 | -1.43 | -.21 | -7.41 | 4.20 | 1.08 | F 34.6 | 6.0 | 16.8 | 11.5 | 1.80 | 3.7 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 44.38 | 40.50 | 42.25 | -2.00 | -4.52 | 59.00 | 36.88 | -.43 | -.12 | 2.88 | -17.73 | 3.28 | .78 | F 31.2 | 12.0 | 7.8 | 12.9 | .84 | 2.0 | 12-19-83 | 1585.1 | 124.4 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 20.00 | 17.13 | 17.50 | -.50 | -2.78 | 30.78 | 15.31 | -.31 | -2.65 | -.17 | 5.17 | .70 | .46 | N 76.6 | 80.0 | 2.8 | 16.5 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 8.38 | 6.25 | 6.75 | -1.75 | -20.59 | 11.75 | 6.25 | -.15 | -4.75 | -.33 | -5.99 | .00 | -.79 | Q -114.4 | -16.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 33.50 | 32.50 | 33.00 | -.50 | -1.49 | 40.00 | 27.00 | -.06 | -.17 | 2.37 | -3.57 | 2.94 | .77 | F 35.4 | 72.0 | 6.2 | 11.2 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 14.50 | 12.50 | 13.50 | .00 | .00 | 23.00 | 8.69 | -1.00 | -2.30 | .88 | -15.55 | .92 | .94 | S 241.0 | 63.0 | 4.8 | 10.2 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 13.00 | 11.50 | 13.00 | .13 | .97 | 18.13 | 11.50 | -.81 | 1.88 | -3.38 | -18.35 | 1.00 | .06 | Q 6.2 | 22.0 | 4.1 | 12.7 | .20 | 1.5 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 14.25 | 13.38 | 13.75 | -1.00 | -6.78 | 23.13 | 12.75 | -.56 | -.25 | -2.89 | 54.36 | 1.33 | -.07 | S -5.3 | 17.0 | 4.6 | 11.1 | .12 | .9 | 01-30-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 5.00 | 4.38 | 4.63 | -.38 | -7.50 | 10.75 | 4.38 | -.15 | -1.24 | .39 | -21.94 | -1.29 | -.92 | F NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 10.38 | 6.75 | 8.63 | -2.13 | -19.77 | 18.75 | 6.75 | -1.73 | 4.93 | 10.86 | -29.21 | .40 | -.31 | N -75.6 | 16.0 | 6.3 | 86.3 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 25.75 | 23.00 | 25.75 | 1.63 | 6.74 | 43.75 | 21.75 | -.86 | 2.49 | .18 | 5.70 | 1.32 | .34 | S 28.5 | 23.0 | 4.0 | 16.8 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.63 | 31.50 | 33.25 | .75 | 2.31 | 39.75 | 28.00 | -.22 | -.95 | 4.59 | -88.55 | 1.53 | .18 | Q 12.8 | 28.0 | 9.8 | 21.0 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.38 | 11.38 | 11.75 | -.63 | -5.05 | 15.13 | 10.00 | -.45 | -1.32 | -2.12 | -6.69 | 1.28 | .27 | S 23.6 | 7.0 | 6.1 | 8.3 | .25 | 2.1 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 65.38 | 61.50 | 64.00 | -.50 | -.78 | 81.00 | 56.00 | -.36 | .40 | 3.45 | -31.99 | 4.15 | .71 | F 20.6 | 37.0 | 3.8 | 15.4 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 67.00 | 63.25 | 65.25 | 1.25 | 1.95 | 74.50 | 55.75 | .10 | -.52 | .96 | -15.63 | 5.74 | .74 | F 14.8 | 24.0 | 11.2 | 11.4 | 1.00 | 1.5 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 15.13 | 14.38 | 15.13 | .13 | .83 | 21.06 | 14.38 | -.63 | .18 | -1.64 | -11.73 | 1.34 | .19 | S 15.4 | 13.0 | 4.5 | 10.7 | .40 | 2.6 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 8.50 | 7.75 | 8.00 | -.63 | -7.25 | 10.50 | 3.50 | -.45 | .59 | -2.12 | 27.42 | .45 | 1.46 | Q NE | -25.0 | 1.1 | 17.8 | .00 | .0 | 05-29-80 | 63.8 | .7 | 1.3 | 4.01 | 4.26 | 0983 |
| Nathans | NATH | 2.63 | 2.50 | 2.50 | -.13 | -4.76 | 3.63 | 1.44 | .83 | -1.22 | 1.04 | 31.31 | .09 | .12 | N 120.0 | 25.0 | 1.1 | 11.4 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 15.25 | 14.25 | 14.75 | -.25 | -1.67 | 32.75 | 13.25 | -.82 | -1.22 | -2.34 | -44.59 | .70 | -.10 | S -13.3 | 59.0 | 3.6 | 22.7 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 14.00 | .35 | -.18 | .58 | .00 | .69 | -.81 | N -90.0 | -10.0 | .4 | NM | .32 | 2.0 | 12-08-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Peoples Rest | PEPL | 4.88 | 4.38 | 4.38 | -.75 | -14.63 | 15.13 | 4.38 | -1.77 | -1.90 | -3.96 | 31.61 | .28 | .04 | S 22.2 | 99.0 | 7.5 | 19.9 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 16.38 | 15.00 | 16.38 | 1.38 | 9.17 | 18.13 | 12.75 | .53 | 1.55 | .51 | 6.73 | .99 | -.43 | S -33.0 | 2.0 | 3.9 | 18.8 | .60 | 3.7 | 12-09-83 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 10.50 | 10.00 | 10.25 | -.25 | -2.38 | 17.50 | 7.50 | -.94 | .03 | 3.42 | -1.57 | .55 | .70 | N 179.4 | 9.0 | 1.3 | 9.4 | .08 | .8 | 01-10-84 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 5.25 | 3.38 | 5.13 | .63 | 13.89 | 26.00 | 3.38 | -1.25 | 6.01 | -.01 | -13.95 | 1.27 | -1.69 | N -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 14.00 | 12.75 | 13.38 | -.50 | -3.60 | 16.75 | 12.75 | -.44 | -.07 | -1.89 | 7.05 | .37 | .41 | Q NC | 4.0 | 1.9 | 32.6 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.38 | 18.88 | 20.75 | -.50 | -2.35 | 25.25 | 16.00 | -.44 | -.33 | -6.63 | 9.07 | 1.50 | -.41 | N -25.7 | -5.0 | 2.8 | 17.6 | .33 | 1.6 | 12-14-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 8.13 | 7.13 | 7.63 | -.38 | -4.69 | 11.88 | 7.00 | -.95 | -1.27 | 2.14 | 37.53 | .13 | .86 | F NE | -24.0 | .7 | 58.7 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 17.00 | 16.00 | 16.25 | -1.00 | -5.80 | 23.25 | .00 | -.07 | -1.23 | -3.77 | -9.91 | .57 | .63 | Q NC | 57.0 | 3.8 | 25.8 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 8.00 | 7.25 | 7.25 | -.88 | -10.77 | 11.38 | 7.00 | -.35 | -.99 | -4.95 | -50.00 | .77 | .12 | N 19.3 | 37.0 | 1.8 | 9.8 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 18.00 | 15.50 | 16.50 | -1.75 | -9.59 | 28.25 | 11.63 | -.99 | -1.93 | .97 | 19.59 | .52 | .20 | F 62.5 | 86.0 | 10.6 | 31.7 | .00 | .0 | 04-20-83 | 19.8 | 2.1 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 26.75 | 25.00 | 25.38 | .00 | .00 | 40.25 | 21.56 | -.11 | -1.20 | -2.41 | 15.92 | 2.10 | .52 | S 29.7 | 64.0 | 2.3 | 11.2 | .44 | 1.7 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 9.75 | 9.50 | 9.75 | .25 | 2.63 | 15.50 | 9.00 | .22 | .33 | -7.70 | 72.01 | .70 | -.18 | S -23.6 | 17.0 | 4.5 | 16.8 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.00 | 7.88 | 8.38 | .00 | .00 | 15.00 | 7.50 | .46 | -2.57 | 4.24 | -21.84 | .02 | -.81 | N -155.7 | -14.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 15.25 | 14.00 | 14.00 | -1.25 | -8.20 | 18.00 | 12.72 | -.35 | -1.03 | -5.96 | 36.05 | .67 | -.35 | N -36.8 | 26.0 | 1.5 | 23.3 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 21.88 | 20.00 | 21.88 | .13 | .57 | 27.38 | 20.00 | -.49 | 1.15 | 5.40 | -65.08 | 1.17 | .25 | F 27.1 | 37.0 | 6.0 | 18.7 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Sizzler Rest Intl | SIZZ | 9.75 | 8.75 | 9.75 | -.25 | -2.50 | 16.25 | 8.75 | -.90 | .35 | 1.54 | 4.61 | 1.01 | .09 | S 9.7 | 16.0 | 4.5 | 9.7 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 10.00 | 9.75 | 9.75 | .00 | .00 | 15.50 | 6.84 | .30 | -.93 | -2.95 | -56.54 | .81 | .33 | F 68.7 | 25.0 | 4.0 | 12.0 | .06 | .6 | 10-11-83 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | .35 | -.17 | 11.58 | 34.44 | .37 | .56 | N 90.3 | 5.0 | .9 | 14.8 | .26 | 1.5 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.25 | 4.25 | 4.25 | -.13 | -2.86 | 7.50 | 4.25 | -.31 | -.27 | -4.00 | -20.98 | .27 | .07 | S 29.1 | 89.0 | 3.8 | 13.7 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 8.50 | 7.38 | 7.38 | -.63 | -7.81 | 10.00 | 4.00 | -.05 | -3.15 | .78 | -16.18 | .29 | .07 | Q 31.8 | 67.0 | 2.0 | 25.4 | .00 | .0 | 05-17-79 | 64.4 | 1.3 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 7.00 | 6.00 | 6.38 | -.38 | -5.56 | 13.63 | 5.88 | -.18 | -2.07 | -1.23 | 19.61 | -2.39 | -1.81 | N NE | -85.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 20.00 | 18.00 | 20.00 | 1.50 | 8.11 | 22.00 | 14.38 | .09 | 1.57 | -.38 | 11.80 | 1.35 | .22 | F 19.4 | 20.0 | 7.7 | 14.8 | .32 | 1.6 | 11-03-83 | 720.4 | 55.2 | .8 | 2.53 | 6.50 | 1282 |
| Western Steer | WSMP | 11.50 | 10.00 | 10.00 | -1.50 | -13.04 | 17.50 | 9.75 | -.04 | -3.05 | -.60 | -50.00 | .92 | -.07 | N -6.1 | 7.0 | 3.1 | 9.4 | .16 | 1.6 | 11-18-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 12.13 | 10.88 | 11.00 | -1.00 | -8.33 | 17.13 | 10.88 | -.80 | -1.75 | -5.46 | -41.93 | .63 | .00 | F .0 | 9.0 | 3.3 | 17.5 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Wendy's net jumps 25%

DUBLIN, Ohio—Spurred by a successful new product rollout and increased ad spending, Wendy's net profit jumped 25% to $55 million on a 19% rise in revenue to $720 million in 1983 compared to the previous year, according to Robert Barney, chairman and chief executive.

Systemwide sales rose 18% to $1.9 billion in 1983 and unit sales at the 2,673 restaurants operating at year's end jumped 8% to $759,000 compared to $703,000 at the 2,430 units open at the end of 1982.

Wendy's 1983 results were boosted considerably by a strong fourth quarter, Barney said. In the three months ended Dec. 31, net profit rose 28% to $14.8 million on a 29% rise in revenue to $202 million. Systemwide sales in the fourth quarter increased 29% to $537 million.

Real sales (total sales minus menu price increases) jumped 5% for the year and 15% in the fourth quarter, Barney said. Average unit sales in the fourth quarter were up 18% to $205,000 compared to the same period in 1982.

Claiming the company is "on track toward our goal of $1 million average sales per restaurant," Barney noted that profit margins at the 922 company-operated restaurants rose to 19% from 18.1% the previous year.

A $20 million national advertising campaign supporting the systemwide rollout of Hot Stuffed baked potatoes helped boost sales in the fourth quarter and attracted new customers, Barney said. The push for baked potatoes and other "aggressive advertising" also contributed to overall 1983 gains.

Wendy's opened 243 new restaurants last year and plans between 250 and 300 new units this year, including 100 new company-owned units. There are 153 Wendy's outside the United States.

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# USACafes earnings rise 88% during first quarter

DALLAS—USACafes, the multiunit franchisor of 550 Bonanza restaurants, has reported an 88% increase in net profit to $289,000 for the first quarter ended Dec. 31, compared to the same period a year ago, when franchise operations were part of Bonanza Int'l. Revenue for the quarter was up 18.5% to $3.2 million.

Sales per-Bonanza restaurant also increased 10% over those of the previous year and domestic sales for the Bonanza chain totaled $87 million for the quarter, compared with $85 million for the year ago period.

USACafes recently signed a licensing agreement with Mother Culpepper's Int'l, a Denver-based barbecue chain, to franchise 40 restaurants in the eastern United States.

In early January, USACafes announced the sale of area development rights under agreements that will provide $3.5 million in future revenues to the company. Also in January, USACafes acquired 36% of Shakey's Inc., a Dallas-based pizza restaurant chain, for $2.5 million in cash. USACafes also signed area development and reciprocal franchising agreements with Shakey's.

# Benihana profit hits $296,000

MIAMI—Benihana National Corp., owner and operator of 14 Benihana of Tokyo restaurants, recorded a profit of $296,000 on revenue of $4.8 million during fiscal 1984's first quarter ended Jan. 1.

Benihana National completed an initial public offering in May 1983 and used a share of the proceeds to acquire certain restaurant operations from its parent, Benihana of Tokyo Inc., which owns and operates 35 Benihana restaurants and franchises 15 to others.

Benihana National has the exclusive rights to the Benihana trade names and service marks in connection with the expansion of the Benihana restaurant chain in the United States and certain foreign countries. In addition, Benihana National owns and operates two Teriyaki USA restaurants, a fast-food concept, and has begun marketing a line of Benihana frozen-food products for retail distribution.

# Nankin Express raises $2.5M in stock offering

MINNEAPOLIS—Nankin Express, a Chinese fast-food chain based here, has raised about $2.5 million in its first public stock offering.

Richard Gottlieb, vice president, said the money would be used for expansion. About 1.1 million shares were sold at $2.50 for a share plus a half-warrant.

Nankin has also signed a major deal with International Multifoods, which will be the subfranchisor for the chain east of the Mississippi River.

International operates Mr. Donut, Boston Sea Party and Canadian pizza chain, Pizza Patio.

For the third quarter, ended Oct. 9, Nankin reported a net loss of $69,060, compared to a loss of $42,058 in the same period the previous year.

Revenues, however, rose 76% to $218,645.

For nine months the net loss was $173,225, compared to $139,309. Sales increased 111% to $365,927.

Gottlieb said International planned to open up to six units in a year.

# Pizza Hut, Taco Bell profits up to $154M

PURCHASE, N.Y.—PepsiCo reported that operating profit in its food-service division for the fiscal year ended Dec. 31 rose 29.3%, compared to 1982, to $154.3 million. The division includes Pizza Hut and Taco Bell.

Food-service revenue in 1983 was up 21.3% to $1.5 billion.

The food-service division showed the biggest increases in both operating profit and revenue for the year among PepsiCo businesses, but the leader in gross dollas in both categories was still the food-products component, maker of Pepsi-Cola, with profit at $347 million on sales of $2.4 million.

Combined average sales per store for Pizza Hut and Taco Bell were up 17%. Real sales (accounting for menu-price increases) rose 11%.

PepsiCo attributed the sales gains to the successful introductions of new products at the two chains.

Overall, PepsiCo reported net profit of $284.1 million for fiscal 1983, a 27% increase, and revenue totaling $7.9 billion, a 5.3% rise.

# Winners' profit up 32% to $2.8 million in '83

NASHVILLE—Winners Corp., paced by consistent growth of its Mrs. Winner's Chicken 'N Biscuits division and a strong fourth quarter performance from its Wendy's operations, posted a net profit of $2.8 million for the fiscal year ended Dec. 31, a 32% gain over fiscal 1982 results.

Revenue for the year reached a record high of $88.2 million.

For the fourth quarter ended Sept. 30, the company reported a net profit of $832,000 on revenue of $25.2 million.

Winners Corp. chairman Jack C. Massey attributed the company's record sales and earnings for 1983 to "consistent same-store sales growth" at both of its major divisions.

Sales at the company's 127 Mrs. Winner's Chicken 'N Biscuits outlets rose 18.5%, from an average of $540,000 per store in 1982 to an average of $640,000 for 1983.

# Marriott refinances NYC hotel

BETHESDA, Md.—Marriott Corp. has refinanced its 50-story, 1,878-room Marriott Marquis convention hotel in New York City with a $328.5 million loan from a group of 23 financial institutions in 15 states.

The loan will provide construction and permanent financing for the hotel, which is under construction in Times Square and scheduled to open in mid-1985.

Marriott owns 89% of the hotel and John C. Portman Jr., an Atlanta architect and developer, the remaining 11%.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Associated Hosts | 3 mos. | 12/29 | | | $ 22.800 | 11.0 | $ 0.794 | 85.0 |
| Benihana | 3 mos. | 1/1 | | | 4.800 | — | 0.296 | — |
| Big Bite | 3 mos. | 9/30 | | | 4.700 | — | 1.500 | — |
| Int'l Dairy Queen | 3 mos.<br>12 mos. | 11/30 | | | 23.500<br>99.300 | 19.5<br>17.5 | 0.982<br>7.200 | 11.7<br>16.7 |
| Kelly-Johnston Ent. | 3 mos.<br>9 mos. | 12/31 | | | | | (2.071)<br>(0.202) | —<br>— |
| Luby's Cafeterias | 3 mos. | 11/30 | | | 38.900 | 14.0 | 3.600 | 14.0 |
| Marriott | 3 mos.<br>12 mos. | 12/30 | | | 948.000<br>3,000.000 | 22.0<br>19.0 | 31.000<br>115.200 | 21.0<br>22.0 |
| McFaddin Ventures | 12 mos. | 11/30 | $ 32.000 | 38.0 | | | 3.100 | 76.0 |
| Mr. Steak | 3 mos. | 12/26 | | | 15.300 | 11.0 | 0.044 | 2.3 |
| Nankin Express | 3 mos.<br>9 mos. | 10/9 | 0.365 | 111.0 | 0.218 | 76.0 | (0.690)<br>(0.173) | —<br>— |
| Pancho's | 3 mos. | 12/31 | | | 6.900 | 16.0 | 0.206 | 20.0 |
| PepsiCo food-service div. | 12 mos. | 12/31 | | | 1,500.000 | 21.3 | 154.300 | 29.3 |
| Po Folks Inc. | 3 mos. | 1/1 | | | 23.300 | 63.0 | 0.798 | 65.0 |
| Rax Restaurants | 3 mos.<br>9 mos. | 1/28 | | | 18.628<br>38.910 | 31.0<br>33.0 | 0.655<br>2.034 | 93.0<br>99.0 |
| Rusty Pelican | 3 mos.<br>6 mos. | 1/15 | 7.593<br>15.289 | 22.0<br>14.7 | | | 0.333<br>0.558 | 39.9<br>36.1 |
| Shoney's South | 3 mos.<br>9 mos. | 10/2 | | | 35.500<br>109.700 | 17.0<br>17.0 | 1.500<br>3.900 | 125.0<br>131.0 |
| Swensen's Inc. | 3 mos.<br>12 mos. | 12/31 | 2.828<br>14.494 | | | | (0.251)<br>(0.285) | —<br>— |
| USACafes | 12 mos. | 12/31 | 87.000 | 10.0 | 3.200 | 18.5 | 0.289 | 88.0 |
| Vie de France | 6 mos. | | | | 24.200 | 32.0 | 2.400 | 32.0 |
| Wendy's | 12 mos. | 12/31 | 1,900.000 | 18.0 | 720.000 | 19.0 | 55.000 | 25.0 |
| Western Steer | 3 mos.<br>9 mos. | 11/4 | | | 9.020<br>24.700 | 28.0<br>25.0 | 0.494<br>0.949 | 65.0<br>34.0 |
| Winners Corp. | 12 mos. | 12/31 | | | 88.200 | 6.0 | 2.800 | 32.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Industry PACs stockpiling '84 election funds

WASHINGTON—Political fund-raising efforts by fast-food chains and industry trade associations for the upcoming state and Federal elections are off to a fast start.

According to *Nation's Restaurant News*' analysis of Political Action Committee reports filed at the Federal Election Commission, fund-raisers at key restaurant industry trade associations and scores of individual food-service chains have already raised nearly $1 million since the 1982 elections.

**Senate Finance Committee chairman Bob Dole (R-Kan.) got only $1,000.**

An earlier study conducted by *NRN* found that political fund-raisers at Burger King, McDonalds, Steak & Ale, the National Restaurant Association and other food-service organizations collected just over $1.5 million for the entire 1982 election campaign.

Although industry PACs made over $1,600 contributions they did not spend their entire campaign warchest in 1982, but left nearly $400,000 in their coffers for the 1984 races.

At least part of the reason for the upsurge in industry PAC collections for this year's Federal and state races is the fact that 1984 is a Presidential election year.

Based on the latest (December 1983) PAC reports filed at FEC, political fund-raisers at the International Association of Holiday Inns and Ponderosa donated $2,000 and $400, respectively, to John Glenn's (D-Ohio) campaign.

Ernest Hollings and Reubin Askew also received "token" contributions of $250 each from PACs formed at PepsiCo and Holiday Inn.

Another and perhaps more important reason for the growing activity of restaurant industry PACs is the fact that food-service operators are becoming increasingly sensitized to the need to influence legislative decisions affecting their business.

Since the last election, Congress has considered a flurry of bills aimed at raising the minimum wage rate, establishing a national drinking age and setting stiff new employer penalties for hiring illegal aliens.

*NRN*'s restaurant industry PAC analysis found that Senate Finance Committee Chairman Robert Dole (R-Kan.)—a driving force behind Congressional approval of new tip-reporting legislation of concern to non-fast-food restaurants—received only one industry PAC donation ($1,000 from McDonald's).

Food-service operators are also becoming more involved in local politics as state lawmakers increasingly introduce bills that critically impact on the industry.

In the beginning weeks of 1984 state lawmakers introduced thousands of proposals ranging from dram shop bills to meal tax legislation, to polygraph measures that affect restaurateurs.

An exclusive *NRN* survey of PAC reports on file with FEC found that there are now at least 26 food-service industry PACs actively raising campaign funds for Federal and state candidates.

At presstime the restaurant industry PACs tracked by *NRN* had made 433 contributions to House and Senate candidates as well as additional payments to dozens of state office seekers.

Specifically, in 1983 those food-service industry PACs doled out $294,134 to Congressional candidates, with Republicans receiving 70% of the funds.

While contributions ranged in size from $200 to $4,000 Republicans generally received the larger donations. The average payment to GOP candidates was $733, compared to $442 for Democrats.

During the last Federal campaigns, restaurant industry political fund-raisers also tilted more heavily toward GOP candidates, with Republicans receiving 71% of the over $1.1 million spent by the PACs for the '82 races.

However, *NRN*'s recent survey of FEC filings found that at least two restaurant industry PACs channeled more money into Democratic than Republican campaigns over the past 12 months.

Political fund-raisers at the International Franchise Association pumped 54% of their Federal contributions ($5,450) to Democratic candidates, including $1,000 to House Commerce Travel and Tourism Chairman James Florio (D-N.J.).

Florio, who sponsored pending legislation that would establish a national drinking age of 21, also received contributions from PACs formed by the American Hotel Motel Association, the International Association of Holiday Inns and Holiday Inns.

Marriott's PAC also tilted toward Democratic candidates, earmarking 81% or $6,500 of its Federal contributions to that party in 1983.

Although political fund-raisers often stress the need to elect new pro-business members to Congress, all of the restaurant industry PAC contributions made to Federal candidates since the 1982 elections went to incumbents.

In addition to supporting incumbent Federal candidates, food-service industry PACs also earmarked nearly $30,000 for allied industry fund-raising organizations including those operated by the NRA, AHMA and the International Franchise Association.

For example, 55% of all PAC contributions made by Marriott since the last election went to allied industry political fund-raising groups.

Specifically, political fund-raisers at the chain donated $2,500 each to PACs run by NRA and AHMA and $5,000 to the Bipartisan Coalition for American Exporters PAC.

On the other hand, AHMA's PAC, one of the most active, spread its donations ($28,175) among 39 Senate and House candidates. At presstime the PAC still had over $50,000.

Based on the latest FEC filings, NRA's PAC also has over $50,000 in its coffer. Since the 1982 election political fund-rais-

*(Continued on page 18)*

## *Republican candidates garner most PAC funds*

WASHINGTON—Here is how the five largest restaurant industry PAC's shape up now:

- Shoney's: The industry's largest in terms of receipts raised more than $130,000 since the 1982 elections, and has already spent close to $50,000 of that war chest, the majority of it on politicians running for local and state offices in Louisiana, Kentucky, Tennessee, Missouri and Georgia.
- Greyhound, the most active PAC, contributed to 75 candidates since the 1982 elections. GOP candidates had a slight edge, receiving 56% of the funds donated to Federal candidates by Greyhound's PAC.

*(Continued on page 18)*

## *FOOD-SERVICE INDUSTRY PAC CONTRIBUTIONS*

| Sponsor | PAC Collections For '84 Campaign | $ On Hand From '82 Elections | PAC Contributions To: Federal Candidates | State Candidates | Other Industry PACs | Admin. Costs | $ Available For '84 Campaign |
|---|---|---|---|---|---|---|---|
| Burger King | $ 31,606 | $ 5,553 | $ 5,000 | $ 0 | $ 0 | $ 0 | $ 32,159 |
| Carl Karcher | 3,966 | 1,266 | 150 | 0 | 0 | 0 | 5,082 |
| Greyhound | 101,292 | 42,160 | 30,900 | 0 | 0 | 4,510 | 108,042 |
| Hardee's | 16,931 | 2,236 | 0 | 0 | 0 | 247 | 18,920 |
| Heublein | 6,757 | 6,626 | 3,000 | 0 | 0 | 0 | 10,383 |
| Holiday Inns | 21,041 | 3,803 | 17,750 | 0 | 6,320 | 279 | 495 |
| International Association of Holiday Inns | 74,462 | 23,505 | 22,000 | 0 | 3,000 | 1,109 | 71,858 |
| International Multifoods | 1,669 | 4,324 | 0 | 0 | 0 | 0 | 5,993 |
| JB's Big Boy | 1,183 | 1,708 | 0 | 0 | 0 | 0 | 2,891 |
| Jerrico | 28,342 | 14,777 | 3,350 | 0 | 4,800 | 414 | 34,555 |
| Marriott | 46,738 | 3,128 | 8,000 | 0 | 10,000 | 1,187 | 30,679 |
| McDonald's | 74,443 | 13,720 | 33,675 | 0 | 0 | 3,722 | 50,766 |
| Morrison | 41,868 | 52,519 | 16,109 | 0 | 2,205 | 370 | 75,703 |
| PepsiCo | 76,186 | 39,995 | 25,425 | 0 | 0 | 1,564 | 89,192 |
| Ponderosa | 8,063 | 1,883 | 900 | 0 | 100 | 29 | 8,917 |
| Ralston-Purina | 0 | 592 | 550 | 0 | 0 | 0 | 42 |
| Shoneys | 133,588 | 66,174 | 11,800 | 37,767 | 960 | 3,445 | 146,330 |
| Steak & Ale | 84,857 | 32,171 | 20,000 | 0 | 2,000 | 1,261 | 93,767 |
| Stouffer | 8,083 | 2,775 | 550 | 0 | 0 | 0 | 10,308 |
| United Air Lines | 37,968 | 24,740 | 36,700 | 0 | 0 | 1,957 | 24,051 |
| Whataburger | 600 | 10 | 0 | 0 | 0 | 0 | 610 |
| White Castle | 17,180 | 9,060 | 4,950 | 0 | 0 | 917 | 20,373 |
| **Trade Associations** | | | | | | | |
| American Hotel/Motel Assoc. | 49,340 | 32,293 | 28,175 | 0 | 250 | 2,807 | 50,401 |
| International Franchise Assoc. | 10,597 | 4,090 | 5,450 | 0 | 0 | 415 | 8,822 |
| Nat'l Restaurant Assoc. | 68,642 | 8,646 | 19,700 | 0 | 0 | 3,562 | 54,026 |
| Texas Restaurant Assoc. | 0 | 58 | 0 | 0 | 0 | 11 | 47 |
| Totals | $945,402 | $398,352 | $294,134 | $37,767 | $29,635 | $27,806 | $954,412 |

Source: *NRN* Research

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# Food-service PACs build election 'war chests'

(Continued from page 17)

ers at the trade association have only spent 29% of the nearly $70,000 they collected in the last year.

Republican candidates received 76% of the NRA PAC's contributions, with House minority leader Robert Michel (R-Ill.) and Joint Economic Committee Chairman Roger Jepsen (R-Iowa) accepting $1,000 each.

Although many PACs spread their contributions around to a broad cross-section of candidates, political fund-raising organizations including those operated by Heublein, Carl Karcher and Stouffer bucked this trend. According to the latest FEC filings, the three PACs donated a total of $3,700 to four Federal candidates since the 1982 elections.

While most of the restaurant industry PACs have already begun channeling thousands of dollars to scores of politicians running for Congress, five separate PACs run by Hardee's, International Multifoods, JB's Big Boys, Whataburger and the Texas Restaurant Association have yet to support a Federal candidate.

## 5 Republicans top PAC list

(Continued from page 17)

- Political fund-raisers at Steak & Ale earmarked all of their Federal contributions ($20,000) to Republican candidates in 1983. During the 1982 Congressional campaigns, Steak & Ale's PAC also tilted in favor of Republicans with 89% of the $71,300 it donated to Federal races going to G.O.P. candidates.
- Based on the latest Federal Election Commission filings, Pepsico's PAC raised $76,186 since the last elections, donating over $25,000 to 31 House and Senate candidates. These contributions ranged in size from $250 to $2,000, with Republicans receiving 75% of the total contributions made to Federal candidates.
- The PAC formed by the International Association of Holiday Inns channeled $22,000 to Federal candidates and $3,000 to allied industry political fund-raising groups including the American Hotel Motel Association in 1983. According to the latest F.E.C. figures, the International Association of Holiday Inns has over $70,000 left in its campaign war chest for the November elections.

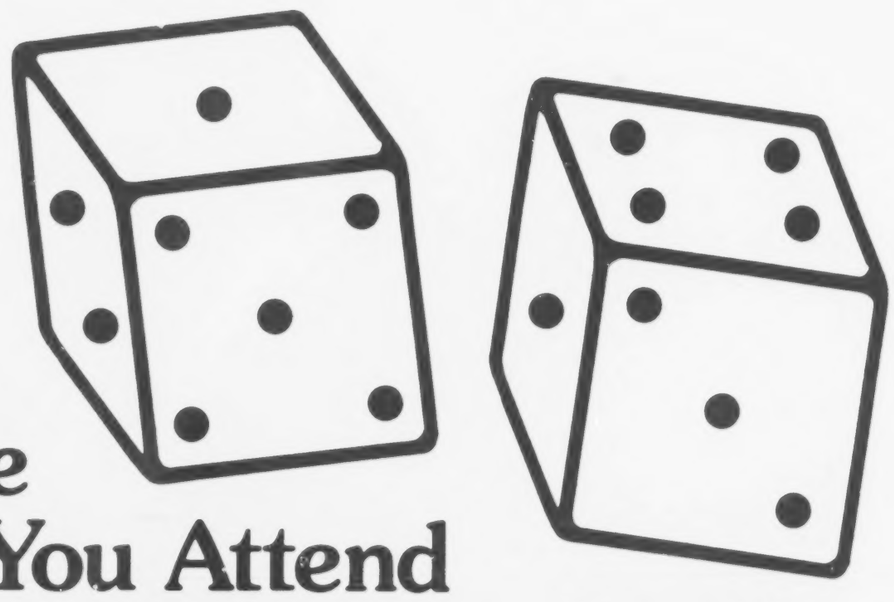
## Evans, Pressler, Jepsen top PAC list

WASHINGTON—Five Republican senators were the top recipients of restaurant industry Political Action Committee funds in 1983, according to *Nation's Restaurant News* computerized survey of the latest Federal Election Commission filings.

Specifically, those senators received 14% of the total contributions ($294,134) made by restaurant industry political fund-raisers since the 1982 elections.

To date the top recipients of food-service industry PAC funds are:

- Sen. Daniel Evans (R-Wash.), who received a total of $13,500 from PACs formed at McDonald's, Marriott, United Airlines, PepsiCo, Morrison and the American Hotel-Motel Association. Those contributions, however, were not for the 1984 race, but rather for a special election held last November in Washington State due to the death of Sen. Henry "Scoop" Jackson. Since winning that election, Evans was chosen to sit on the Senate Energy and Natural Resources Committee.
- Sen. Larry Pressler (R-S.D.), chairman of the House Business-Trade-Tourism Subcommittee, who accepted a total of $7,150 from seven separate restaurant industry PACs. Individual PAC contributions ranged in size from $250 (Greyhound and Steak & Ale) to $2,000 (Holiday Inns and the International Franchise Association), with political fund-raisers at United Airlines contributing $500 and those at McDonalds and PepsiCo donating $1,075 each.
- Sen. Roger Jepsen (R-Iowa), head of the powerful Joint Economic Committee which will tackle tough budget and tax issues this year, who received $7,000 from industry PACs. Since the last elections, political fund-raisers at Steak & Ale, the National Restaurant Association, the American Hotel-Motel Association, Greyhound and PepsiCo donated between $1,000 and $3,000, each to Jepsen's re-election campaign.
- Sen. Chic Hecht (R-Nev.), who collected a total of $6,500 from PACs formed by Steak & Ale, White Castle, McDonald's, the International Association of Holiday Inns and Greyhound in 1983. The senator is a member of the Financial Institutions and Federal Credit Program subcommittees as well as the Energy and Natural Resources Committee.
- Sen. John Warner (R-Va.), who sits on the Energy and Natural Resources Committee. He received a total of $6,500 from six separate food-service industry political fund-raising groups since the last election. Among other things, the Energy and Natural Resources Committee will be considering President Reagan's controversial natural gas decontrol bill this year. Any change in the price control levels is of critical concern to the restaurant industry because a large number of food-service operators rely on natural gas for cooking.

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## NAWGA conference to search for ways to alleviate hunger

CHICAGO—Food distributors and processors attending the National-American Wholesale Grocers' Association annual convention and exposition at the Hyatt Regency hotel here March 18-21 are scheduled to discover ways to turn their surplus and unsalable food products into meals for the hungry.

Second Harvest, the national food-bank network, will set up an exhibition booth at the NAWGA convention to ask food wholesalers to help feed those whose Government assistance has been cut back or discontinued.

Last year, Second Harvest delivered 46 million lb. of food, worth an estimated $69 million, at a cost of $1 for every $71 of food distributed, according to Bob Ewing of the Maryland Food Bank.

"The larger manufacturers are starting to realize that we're a part of the ongoing situation, we're not just an occasion for a one-time donation. Hunger and waste will always be with us, so they're starting to incorporate us into their inventory process," said Ewing.

More than 125 major food manufacturers have already donated unsalable items ranging from margarine salvaged from an overturned delivery truck to fresh sandwich bread liable to go stale during a teachers' strike to 63 food banks throughout the nation. The donor food bank delivers the goods to a food-bank warehouse, containing walk-in refrigerated and freezer units. From there, the food bank ships the food to daycare centers, emergency food-box programs, halfway houses, homes for the elderly, shelters for battered women and soup kitchens.

But more is still needed. "We need more dairy, more fresh fruits and vegetables. We're anxious to improve our variety, and the food wholesalers certainly carry a variety of products," said Ewing.

# U.S. food-service sales triple between '72-'82

WASHINGTON—With the fast-food segment setting the pace, dollar sales by the nation's eating and drinking places nearly tripled from $36.2 billion to $107.4 billion during the 10-year span from 1972 to 1982, a freshly released analysis of food-service industry performance indicates.

Last year eating and drinking establishments posted another double-digit increase, with sales rising 10% to $118 billion in "current dollars," according to the latest Commerce Department estimates.

For 1984, the department's industry analysts are forecasting a similar 10% gain with total dollar receipts climbing more than $11 billion to a record $129.9 billion.

The new Government food-service sales projections cover domestic establishments selling prepared foods and drinks for consumption both on and off premises. They do not, however, include restaurants, lunch counters and drinking places "operated as a subordinate service facility by other establishments" such as hotels or retail stores.

Although the 1983 figures released by the Commerce Department last month are still "estimates," Government food-service market analysts said when the final results are in, fast-food operators "will show the largest growth in 1983, with about a 14% increase."

In describing the growth rate of eating and drinking establishments as "impressive," the department released new figures showing industry dollar sales climbed 197% during the decade from 1972 to 1982.

Significantly, the new Government report suggests restaurant operators achieved this growth at least in part because they were able to adapt successfully to changing economic conditions over the past four years.

"During the 1980-83 period, the industry experienced marked structural changes as high interest rates and high construction costs prompted managements to build smaller-sized units," Commerce Department food-service analyst Marvin Margulies noted.

"This decision also resulted in the construction of stores at a lower cost and in a shorter period of time," he added.

As an indication of the magnitude of this change, Margulies cited Government figures indicating that the number of franchised restaurants increased from 32,584 to 59,959 units between 1970-80—an average annual store-count gain of 2,738.

"In 1980, however, the gain was only 1,023 units," he disclosed.

The Government analysis of eating and drinking places—part of the Commerce Department's newly released *1984 Industrial Outlook* study—also cites a number of restaurant industry trends which contributed to the rapid growth of eating and drinking establishments in recent years.

"The concept of providing entertainment along with a moderately priced meal has been successfully bridged in the pizza sector of the industry," the Federal industry researchers noted.

"Amusements" such as animated cartoons, video games and robots "combined with the sale of pizza has sometimes doubled sales compared with the pizza-only operation," the report said. "Coin-activated video games have been a lucrative source of revenue and profits and in one company contributed 25% of revenue and almost 50% of profits." Of course, this segment currently appears in trouble.

The new Government food-service analysis also noted the trend among major "fast-food retailers" to seek market share increases through diversification.

"Burger King, in a move to establish itself in retail stores, will replace at least 50 Woolworth lunch counters with Burger King food units during the 1983-88 period," researchers said. "The food units will be operated by Woolworth, which will pay Burger King a franchise fee, royalties, and a percentage of sales for advertising purposes."

At the same time, the report cautioned that fast feeders as well as other traditional restaurant industry segments are facing increased competition "from rivals located in supermarkets."

Citing industrywide figures reported by *Nation's Restaurant News*, the department noted that "6% of the nation's supermarkets had on-site restaurants in 1981 compared with only 2% in 1978."

According to the analysts, "supermarkets compete with the restaurant industry across a broad area including fast food, doughnut shops, coffee shops, and rib and chicken units."

Seating capacity in these supermarket-based eating facilities ranges from 20 to 80 seats and "can be altered to accommodate peak traffic flows," they added.

"In addition to on-site food service, almost half of the nation's supermarkets offer take-out food service, with sales in 1981 estimated at $7.1 billion," the report concluded. "Take-out food is viewed by management as a traffic builder and a profit center."

Despite these growing competitive pressures from outside of the food-service industry, the new Commerce Department report is bullish on the prospects for restaurant growth.

"Franchising is perhaps the only form of business organization which, by its very nature, tends to create new business units," the Federal analysts said. "It helps small businesses to compete with the giants, since franchisees have a good chance to survive using the franchisor's know-how and trademark or servicemark."

Noting that overall sales of franchised goods and services rose 11% last year, the study added that franchising "also offers unique opportunities to people with limited capital and experience."

## U.S. FOOD-SERVICE GROWTH: 1972-84

| Eating and Drinking Places | 1972 | 1977 | 1979 | 1981 | 1982[1] | 1983[2] | 1984[2] | % Change 1983-84 |
|---|---|---|---|---|---|---|---|---|
| Sales (In Millions) | $36,180 | $63,276 | $82,270 | $98,585 | $107,357 | $118,093 | $129,902 | 10.0 |
| Total Employment (000) | 2,860 | 3,949 | 4,513 | 4,750 | 4,820 | 4,892 | 4,965 | 1.5 |
| Average Hourly Earnings | $2.07 | $2.93 | $3.45 | $3.95 | $4.09 | | | |

[1]Estimate.
[2]Forecast.
Sources: Bureau of the Census, Bureau of Labor Statistics, Bureau of Industrial Economics, U.S. Commerce Department *1984 Industrial Outlook*.

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SECOND-TIER CHAINS

# FOOD SERVICE'S SECOND TIER CHALLENGES INDUSTRY GIANTS

By Charles Bernstein

Regional "second-tier" chains with local marketing and merchandising expertise and major ambition are giving the big guys all sorts of headaches. But as these regionals spread their wings, they are developing some of the same overexpansion and control problems as the big guys they seek to undercut.

Regionals are succeeding to the degree that they retain their entrepreneurial instincts and entrepreneurial leadership, that they find a specific individual market niche and avoid becoming "me-too" operations; that they keep devising fresh new menu items to steadily whet customer's appetites.

To a large extent, the regionals—both those with desires to become national chains and those seeking to dominate just their own geographic area—hinge on the business personality of one entrepreneur who continues to be the driving force. In most cases, he has resisted acquisition enticements dangled by large corporations and suggestions from advisers that "new professional management" be brought onto the scene. He is smart enough to know that the entrepreneurial flair must be retained no matter what the framework.

These operators also merchandise with flair and offer a true price-value relationship.

One of the more unique second-tier chains is owned by Dr. Peter Buck's Doctors Associates in Milford, Conn., and run by general manager Fred DeLuca. Both Buck and DeLuca are fanatics for the hugest possible sandwiches, and it's all resulted in a creative chain of some 325 units featuring 17 varieties of foot-long sandwiches.

As it happens, the BMT (biggest, meanest, tastiest) cold cut combination sandwich and a roast beef sandwich, each selling for $3.59, are the biggest sellers. These and other sandwiches thrive in tiny low-investment units that require only one employee to operate.

Harold Butler has rolled out a steady diet of new-fangled items at his Naugles Mexican fast-food chain in Fullerton, Calif. Avoiding the trap of depending on a straight offering of regular tacos, burritos and the like, he also features hamburgers and has rolled out boneless chicken meat, an overstuffed Macho Burrito and a large-sized Macho Taco. He now is testing a soft-shell taco.

But Butler too has fallen victim to the overexpansion syndrome, and with 215 units has had to curb visions of 100 new ones annually. He may have to sell some units in Chicago and other areas where he has gone too far afield.

He also is dabbling in tests of deli and "healthy food" concepts. These types of diversification for second-tier chains can either be interpreted as dangerous sidelights taking attention away from the main game, as strategic positioning to attract a broader consumer base, or as just "a hobby."

Hollis Taylor's Pancho's Mexican Buffet chain out of Fort Worth, Tex., is a diversified group with a three-pronged effort. But its some 30 Mexican Buffet restaurants are taking precedence in the plans. Taylor seems to be holding the line on his three Spanish seafood restaurants and two Emiliano's dinnerhouses.

One of the more interesting newcomers is San Antonio-based Fuddruckers. Phil Romano, a veteran of tablecloth restaurants, has fashioned an unusual combination of "up-scale" fresh ½-lb. burgers selling in the $4 range and such eye pleasers as a glass-enclosed butcher shop and open bakery. He has a well-tuned service system with orders filled by the numbers within seven minutes.

Crucial to Romano's emergence as a second-tier power is his college scholarship program designed to aid and encourage his best employees while they are working as managers or at other roles. He appears to be building a cadre of loyal, career-minded employees to staff his current 14 company-owned and four franchised units and the many more he envisions.

G. D. Ritzy's in Columbus, Ohio, is finding its own niche with fresh-grilled burgers, Coney hotdogs and chili and "gourmet" ice cream in an old-time malt shop environment. As a "gimmick" to attract attention, it also offers a peanut butter-and-jelly sandwich with sliced fresh strawberries.

Still, Ritzy's, founder and chairman Graydon Webb, a Wendy's executive in the 1970's, faces a tough struggle as the 70-unit chain tries to battle into the clear black after suffering losses while establishing its market niche.

Two major second-tier food-service management companies emphasizing the advantages of local nonbureaucratic clout are Jack Galione's Corporate Food Services in New York City and Steve Elmont's Creative Gourmet in Boston. Galione even has his own president's hot-line phone to directly answer clients' comments and complaints, while Elmont also likes to be on the scene personally anywhere in New England to solve problems that may arise.

A second-tier hotel chain bidding to eventually move into the top rank of hotel chains in volume is the fledgling Ritz-Carlton Hotels group under owner Sid Johnson and president Colgate Holmes in Atlanta. The new group switched its projected hotel names from Monarch to the more visible Ritz-Carlton banner when they bought the rights to use the name. Now they have three company-owned and three licensed hotels.

Nashville-based Po Folks has carved out its own niche with over 100 country-style restaurants and a strategy which president Clyde Culp describes as "opening units quickly in as many markets as possible to gain quick national penetration and recognition."

This is the same dilemma faced by other second-tier chains such as Fuddruckers: The pressing need to roll out units quickly and become recognized as the prototype of a particular category so that others who copy it won't be able to gain much headway, balanced with the need for an evenly paced franchising program that doesn't overextend itself or lose control.

Menu expansion and innovation pose a special challenge to second-tier chains. Jack Massey's Nashville-based Mrs. Winner's Chicken and Biscuits has unveiled a stuffed baked potato with a choice of five toppings that makes it hard to tell whether Wendy's was first with the idea or whether both thought of it at the same time. Frank Galgano's Bobby Rubino's Place for Ribs out of Fort Lauderdale is adding such items as chicken cordon bleu, chicken parmigiana, sirloin steak and rainbow trout.

*'Regionals are succeeding to the degree that they retain their entrepreneurial instincts and leadership, that they find a specific individual market niche and avoid becoming "me-too" operations, that they keep devising fresh new menu items to steadily whet customers' appetites.'*

*For volume reprints of this special section, contact Ilene Stargot, Nation's Restaurant News 425 Park Ave., New York, N.Y. 10022. Phone: 212-371-9400.*



FOCUS NRN

SECOND-TIER CHAINS

# *French conglomerate fuels California concept*

SEAFOOD BROILER

LAKEWOOD, Calif.—If growth in the restaurant industry is predicated on quality, competence, capital and opportunity, then it might be said that the merger of French hospitality conglomerate Novotel and California's popular Seafood Broiler family dinnerhouse chain has "growth" written all over it.

When entrepreneurial founders Stephen Stiefel and Del Allen and their partners sold out to Novotel 13 months ago, all parties to the deal found their growth prospects decidedly bolstered. Stiefel, Allen and the others grew personally via nice capital gains, while keeping lucrative positions with the company in recognition of their skills at having developed the 11-unit, $25 million-a-year chain.

***'Obviously, to be in a fairly rapid stage of growth implies that you will have to trade off that growth against immediate profits.'***

**—Alain Dupuis**
**President**

And Novotel, now renamed Accor, made its entry into the United States market with a red-hot concept it projected would quadruple its sales within four years. Moreover, the $1 billion-plus-a-year Accor outfit had the resources to back up its stateside aspirations.

Seafood Broiler, with Alain Dupuis installed by the new owner as president, has added four new units to the chain in the last year. At least six more are due to come on line this year, followed by eight in 1985, and nine more the following year. Dupuis has projected that chainwide sales will reach $85 million by the end of 1986.

The popularity in southern California of Seafood Broiler's extensive and modestly priced menu of fresh fish is the biggest factor fueling Dupuis's projections. The company's marketing studies show customers are patronizing Seafood Broiler units between two and three times a month.

By tracking customer counts, and sales less-menu-price increases, the company has been measuring real growth in excess of 5%. Profits are not freely disclosed by management, but pretax margins are said to be somewhere between 5% and 10%.

Net profits will likely be diminished somewhat by the company's expansion mode. "Obviously, to be in a fairly rapid stage of growth implies that you will have to trade off that growth against immediate profits," says Dupuis.

The apparently growing acceptance and preference for mesquite-broiled seafood is not expected to diminish as the chain branches out. Internally generated cash and build-to-suit financing has propelled physical expansion objectives. A single group of investors is buying all the land and all the buildings Seafood Broiler develops, then leasing the restaurants back to the company.

In 1986 or 1987, Dupuis says, Seafood Broiler might ask Accor for the green light to go public, a move which would provide even more fuel for growth, while at the same time giving more value to a stock option bonus plan for employees.

With the chain expected to double in size over the next few years, increased emphasis—and a greater cash investment—is being made toward human resources development. The company is definitely inclined toward internal development of management talent, Dupuis says, but has stepped up its hirings of management trainees with a higher degree of experience.

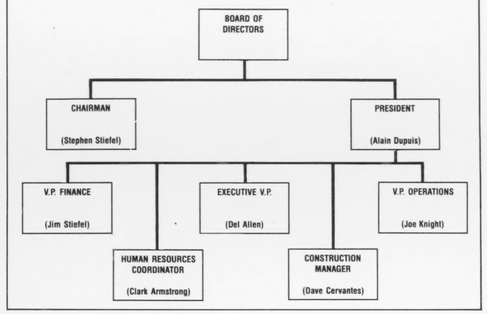
A unit manager must come up through the company's own ranks during at least part of his preparation for a management spot. "Our product [a wide variety of fresh seafood] is so complicated and technical that we never go outside to hire a manager," Dupuis says. For this same reason, Seafood Broiler will probably never franchise its concept, he adds.

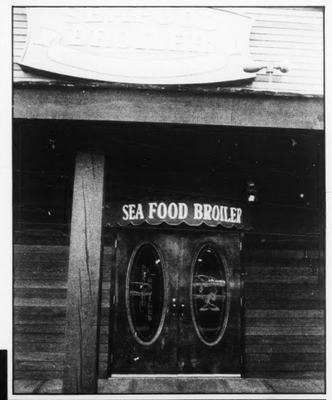
In looking at the competition in southern California the company sees encouraging signs. "Our competition just can't hang in with us," says one source close to the company. Seafood Broiler recently bought and converted a unit of Monterey Bay Canners restaurants, a local seafood chain subsidiary of Jolly Roger's Trans-Pacific company. And Los Angeles-based Hungry Tiger restaurants is reportedly mulling stepped-up conversions of at least some of its namesake white tablecloth seafood dinnerhouses to its downscale Breakers concept.

Pricing strategy is "one of our main concerns," says Dupuis. High turnover of customers is a must, given the company's need for volume to compensate for food costs verging on 50% of sales. With its reputation built on fresh fish, the distinctive flavor of mesquite-wood broiling, and value pricing (an average check per person is under $8) the company must continually seek the best sources and the best prices for the widest variety of seafood Seafood Broiler deals with a single seafood supplier, and has negotiated a "preferential agreement with respect to quality, delivery and price," Dupuis says. The chain only deals with other purveyors if availability of sufficient variety becomes a problem. Executive vice president Del Allen is in charge of negotiating all food purchases; the involvement of unit managers is limited to determination of quantities only.

As the chain expands, possibly into Arizona next year, it expects to have its primary supplier follow. A move to a commissary system for food supply is unlikely.

*THE SEAFOOD BROILER ORGANIZATION*



President Alain Dupuis (left) with advertising director Walter Tilds.

*SEAFOOD BROILER*

(Fiscal Year Ended Dec. 31)

| | 1981 | 1982 | 1983 | 1984* |
|---|---|---|---|---|
| Systemwide Sales (In Millions) | $24 | $25 | $30 | $42 |
| Average Same Store Sales (In Millions) | $2.4 | $2.3 | $2.0 | $2.1 |
| Average Per Person Check | $6.95 | $7.50 | $7.90 | |
| Number of Units | 10 | 11 | 13 | 20 |
| % Menu Price Increase | | 8.0% | 5.3% | |

Source: *NRN* research

*NRN Estimate



FOCUS NRN

SECOND-TIER CHAINS

# *'Texas-sized' burger spearheading expansion drive*

FUDDRUCKER'S

By Joe Edwards

SAN ANTONIO—With proceeds from a recent stock sale ready to fuel expansion, a franchising program and headquarters staff in place and a solid operations record showing consistently high unit volumes and strong unit-level profit margins, Fuddruckers is an odds-on favorite to maintain a leadership role in the emerging upscale burger segment it helped define.

Founded four years by Philip J. Romano, a seasoned veteran of numerous tablecloth restaurants in the South, Fuddruckers this year will begin to serve its Texas-sized version of what Romano immodestly calls "the world's greatest hamburger" outside its home state.

Romano's original intention was to prove that consumers would be willing to spend a lot of money (about $4) for a giant-sized, freshly ground, cooked-to-order burger served on a freshly baked and toasted sesame seed bun.

So far, Fuddruckers has not met with any price resistance even though it charges much more for a basic hamburger than its direct competitors (Chili's, Spoons and other chains) and does not have table service. Sales and customer counts at the two original units were up nicely in 1983, Romano reports.

Romano's formula for the fledgling chain, which has grown to 14 company-owned and four franchised units (with many more planned), is deceptively simple: Top quality fresh food, strong perceived value, a funky high-tech-collides-with-corner-grocery-store decor and theatrical gimmicks such as a glass-enclosed butcher shop and bakery in full view of diners.

Fuddruckers' ambience is a textbook example of today's casual dining trends and its menu and decor are suited for every chain's favorite target consumer—upwardly mobile young adults trading up from traditional fast food.

All the gimmicks and trendy decor touches wouldn't matter one bit, however, without a quality hamburger. Fuddruckers' burger is a monster 8-oz. patty that is ground daily on the premises from fresh beef and cooked on black iron grills.

Burgers are served on paper-lined beer trays and can be gussied up at an attractive toppings bar stocked with lettuce, tomatoes, onions, pickles, melted cheeses, cheddar cheese with jalapeno peppers, sauerkraut and other items. Grilled onions cost an extra 15c.

Fuddruckers' signature item is not just another burger. It has seduced customers and food critics throughout Texas who rave about its size and flavor. *Houston City Magazine*, in a fit of plebian fervor, declared a local Fuddruckers the second best restaurant in Houston, undoubtedly raising eyebrows of local gourmands and restaurateurs.

In putting together his concept, Romano was a few years ahead of today's demographic analysts in figuring that traditional fast-food chains were not responding to a changing market. That is, he decided, fast food's core customers were growing older and more sophisticated and were searching for restaurants with better burgers and a nicer atmosphere.

When chains such as McDonald's and Burger King raised menu prices in the late 1970's without upgrading their products, they opened the door for the new wave "adult fast-food chains," Romano says.

"McDonald's had a choice to make six years ago," he declares. "They could raise their prices and improve the quality of their burgers, or they could just raise their prices. That's what they did and all of a sudden they lost their price-value relationship."

That's when Romano made his move in San Antonio. In planning his first unit, which opened in March 1980, he decided to charge $3.55 for an 8-oz. hamburger. "People told me I couldn't get that for a hamburger, not in this city," he recalls. "But my premise was that I wanted to charge what I had to charge for a great burger. We give people value for the price they're paying."

Burgers account for 80% of total unit sales, which range from $1.5 million to more than $3 million with the average coming in just under $2 million. Other menu items include a ribeye steak sandwich, a hotdog, skin-on french fries, baked pinto beans and beer, wine and mixed drinks. There are also large chocolate chip and oatmeal cookies and chocolate brownies baked daily on the premises.

*FUDDRUCKERS*

(Fiscal Year Ended Dec. 31)

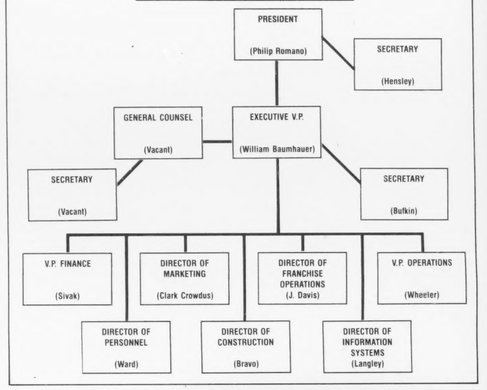
| | 1980 | 1981 | 1982 | Six Months Ended June 30 1982 | 1983 |
|---|---|---|---|---|---|
| Revenues | $321,000 | $1.1M | $3.9M | $1.7M | $3.0M |
| Net Profit (Loss) | ($54,000) | $59,000 | $195,000 | $132,000 | $76,000 |
| Number of Units† | 1 | 1 | 2 | 1 | 2 |
| Average Per Person Check* | $5.00 | $5.00 | $5.35 | $5.35 | $5.35 |

Source: Company prospectus; *NRN* Research

*Fuddruckers menu prices have remained basically the same since the first unit opened in March 1980 in San Antonio. An 8-oz. hamburger there sells for $3.55, the same price charged when the unit opened. Burger prices elsewhere are $3.85.

†Fuddruckers now operates 14 company-owned and three franchised units in San Antonio, Houston and Austin, Tex., and one franchised unit in Baton Rouge, La. A unit in Costa Mesa, Calif., opens this month. Average unit sales are about $2 million.

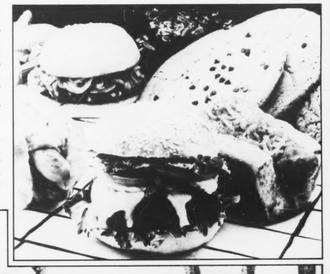
*THE FUDDRUCKERS ORGANIZATION*




Beer, wine and liquor account for about 12% of sales, and baked goods, sold mostly for takeout, account for about 5% of sales. Burger prices are $3.55 in San Antonio and $3.85 at most other units. In southern California, where Fuddruckers opens its first unit this month, burgers will probably sell for $4.15. Average per-person checks are $5.35.

Romano says he has no intention of expanding the menu in the foreseeable future. "We're in the burger business and we're not going to deviate from

*(Continued on page 119)*



Lounge areas at Fuddruckers units have "patio motifs," while some units even include outdoor dining areas. Menu items (inset) include Fuddrucker's 8-oz. hamburger, hotdogs and large chocolate chip and oatmeal cookies.

# FOCUS NRN

## SECOND-TIER CHAINS

# *Fresh bread attracting fresh sales as chain targets 30% growth rate*

**SUBWAY**

**By David Zuckerman**

MILFORD, Conn.—With a fresh-baked bread rollout in progress and a menu based on 17 varieties of foot-long sandwiches, the 326-unit Subway sandwich chain is charging ahead on a rapid expansion course, adding an average of 30%-35% new units annually.

Though average store sales are low, about $160,00 per year, the privately held company has attracted a network of loyal franchisees drawn primarily by the concept's ease of operation, low start-up costs and the chance to participate in the company's growth. Only 13 of the restaurants are company owned.

Typically, the units are small enough to be operated by a single employee. Rather than building from scratch, the company prefers to occupy existing sites in strip centers, shopping malls and storefronts. Franchisees do much of the legwork in the field and can earn extra money by becoming development agents for the parent company. Of the 128 franchises sold in 1983, 75 went to existing franchisees.

Subway's menu consists of 17 varieties of foot-long sandwiches ranging in price from the Vegetarian at $1.99 to the Seafood and Crab Combination at $4.79. The sandwiches fall into five categories: cold cut combinations; single meat sandwiches; fish sandwiches; hot sauce sandwiches, and meatless sandwiches. The average ticket for a sandwich and a drink is about $3.20.

"Subway is in direct competition with the fast-food hamburger chains," said Frederick Deluca, vice president, general manager and part-owner of Subway. "In most markets our foot-long sandwiches are very unique, especially with the combinations of vegetables we offer."

All Subway sandwiches are accompanied by a choice of lettuce, tomato, onions, pickles, green peppers and black olives.

The most popular menu offerings are the BMT (biggest, meatiest, tastiest), a cold cut combination sandwich that sells for $3.59 and a roast beef sandwich, also $3.59.

**SUBWAY FAMOUS FOOT-LONG SANDWICHES**

(Fiscal Year Ended Dec. 31)

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $34.0 | $45.0 | $60.0 |
| Net Profit | $497,000 | $1.1M | $1.8M |
| Average Same Store Sales | $156,000 | $160,000 | $180,000 |
| Average Per Person Check | $3.15 | $3.15 | $3.20 |
| Number of Units | 180 | 265 | 365 |
| % Menu Price Increase | $6.0% | 2.0% | |

Source: *NRN* Research *Projected

In addition, all 17 sandwiches can be ordered as salads without the bread. Half sandwiches and double meat sandwiches are also offered.

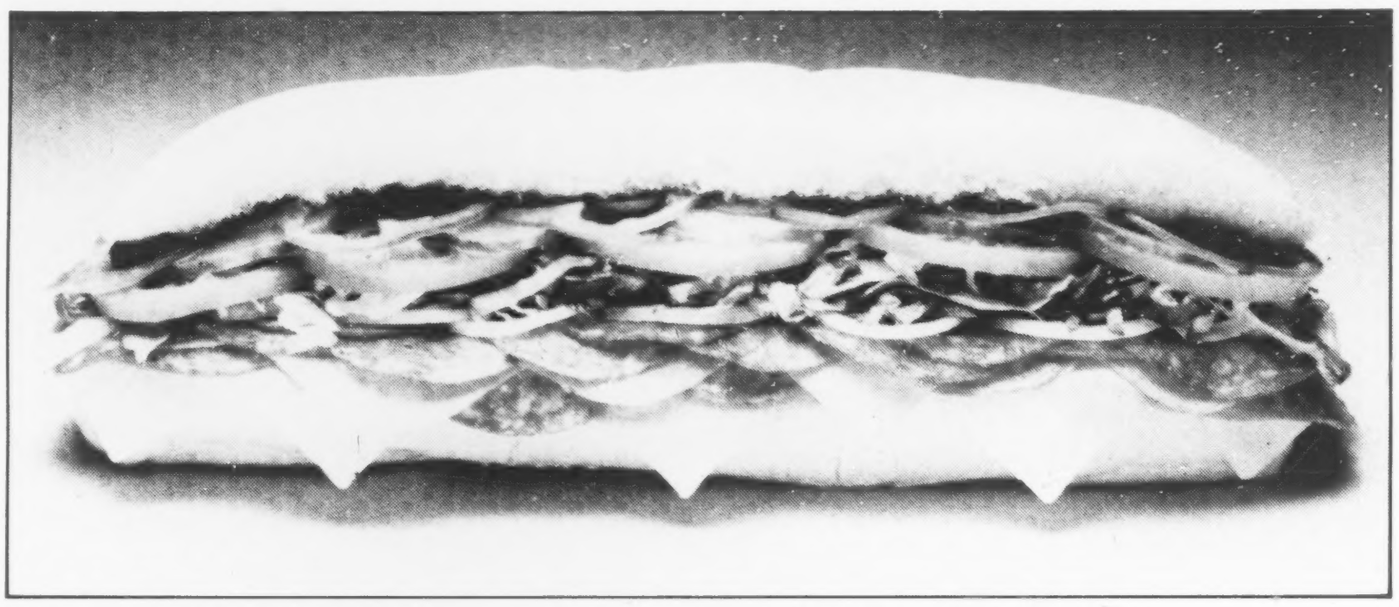
The result of this mix, according to Deluca, is a menu that competes favorably with fast-food burger chains in terms of price points while offering a much wider variety to the consumer. And for the chain's mostly male, 18- to 34-year-old target audience, the foot-long sandwiches offer extra value because of their size.

"The full sandwiches are extremely large," said Deluca. "Our portion size is definitely a big attraction."

In an effort to increase product quality and boost customer counts throughout the system, Subway has begun baking its own sandwich rolls in the units. The program, which was tested late last year at the company's home store in Milford, will be installed in 50% of the stores by the end of 1984, Deluca said, and in 80% of the stores by the end of 1985.

"The bread is a direct result of our expansion and research," Deluca said. "We discovered that outside the Northeast it

*(Continued on page 120)*



**Subway's foot-long sandwiches come in 17 varieties priced from $1.99 to $4.79.**

# *'World's Greatest Hamburger' spearheads expansion drive*

**FUDDRUCKER'S**

*(Continued from page 117)*

it," he declares.

Fuddruckers units are decorated inside with brick and white and black tiles, neon beer signs and the shipping crates and containers for the food they sell. A separate lounge area has a "patio motif" and some units have an outdoor dining area.

The toppings bar has trays of sliced tomatoes, pickles, onions and other items, and fresh vegetables on display in their shipping boxes and bags. The butcher shop and bakery are part of the overall design scheme. Bakery products are attractively displayed in a glass case and butchers work behind a glass window amidst hanging sides of beef.

Chairs are made of heavy wood and tables are topped with brown and white checked tableclothes. Each table has a bottle of ketchup, a bottle of hot sauce and large containers of salt and pepper.

Baking and butchering is done throughout the day and leftovers are donated to local childrens' homes and other charities.

Romano says he believes that the bakery and butcher shop not only impress customers but also help the chain insure quality.

If it bought its own buns and ready-made burgers, Fuddruckers would be "only as good as the best butcher shops and bakeries in town," Romano says. "But this way, we're a self-contained multiple restaurant concept. All we do is buy raw products and the consumers love it. That's the charisma of Fuddruckers. Everything is fresh. People love to see everything being made right there in front of them."

Without much effort from headquarters—"We don't even have a franchising brochure," Romano declares—Fuddruckers has sold franchising rights to all the territories it is interested in and has halted further franchising for now. The 18 existing units are in San Antonio, Austin and Houston, Tex., and Baton Rouge, La. Next stops are Chicago, Los Angeles, San Diego, Dallas and "middle markets" in Texas.

By the end of this year, there will be 65 to 85 units, split evently between company-owned and franchised operations, and projections call for between 100 and 125 company-owned and 325 and 350 franchised units within five years.

Expansion will be financed with the approximately $6 million raised in last fall's initial public offering (Romano has voting control of 51% of the stock and the company controls 83%), and with joint ventures, sale-leasebacks and conventional borrowing, Romano says.

Four new restaurants in the Houston area are being financed through a joint venture with an initial cash investment by Fuddruckers of about $75,000 per unit.

The cost to Fuddruckers for three other restaurants under construction in Texas and California and leased to the company by a third party is between $500,000 and $750,000. Initial cash investment excluding construction financing will range from $125,000 to $250,000 per unit dependent upon tenant allowances under the leases, fixtures and equipment provided by the lessors and third-party equipment and fixtures financing.

Fuddruckers units range in size from 5,300 to 9,400 sq. ft. and seat between 200 and 300 persons. Fuddruckers has developed a site selection model and has hired an outside advertising and marketing firm to develop ad campaigns and conduct market research.

Each restaurant is staffed by three managers and about 40-45 hourly employees, most of whom are college students. General managers earn about $26,000 per year and have a shot at a $10,000 annual bonus. Hourly workers are eligible for partial college scholarships (Fuddruckers will pay for tuition and books) if they agree to work 20 hours a week while attending school and maintain a certain level when graded by their unit managers.

At headquarters, Fuddruckers has a management team in place to handle the expected explosive growth period ahead. Headquarters staff can take part in a stock option plan that was put together after the initial public stock offering.

"We put a lot of emphasis on our employees," Romano says. "We're a young company and we're upwardly mobile. People see the light and want to work with us. They can make a lot of money in operations at Fuddruckers."

Year-to-year sales and profits comparisons are difficult because there were only two restaurants at the end of 1982 compared to 18 today. The company reported net profits of $76,000 on revenues of $3.1 million in the first six months of last year. Unit-level profit margins are about 27%; food and labor costs are 47% of sales.

**The decor of a typical Fuddrucker's includes an open window to the butcher's shop (center) and a bakery.**

# FOCUS NRN

## SECOND-TIER CHAINS

# *Subway targets 30%-35% annual expansion pace*

**SUBWAY**

*(Continued from page 119)*

was difficult to get the good quality bread that we prefer. So we developed a system to bake our own bread in the units."

Like most of Subway's on-site equipment, the cost of the baking ovens will be minimal to store owners. At existing units, the conversion to on-site baking will cost under $5,000 including electrical work and a slight redesign of counter space. At new stores, bread-oven installations will run about $3,500.

Thus far, the fresh-baked sandwich rolls have provided a strong sales stimulus for stores that have installed the ovens, with increases of up to 30%. By the end of 1985, Deluca said, the chain is projecting average store sales of over $200,000 annually.

Subway currently has units in 31 states with the heaviest concentration in four main market areas: Washington, D.C.; Florida; California, and Connecticut. Of the 100 new stores projected for 1984, most will be in these markets, with a few opening in Arizona, Nevada, the Chicago area and Texas, which has been slated for heavy expansion in the future.

There is one unit outside the United States in the small Middle Eastern country of Bahrain and expansion into Western Europe is currently being explored.

The key to the chain's expandability, Deluca said, is its cash-rich position and lack of debt. Typically, franchisees finance their own stores with profits funneled back into the company to fuel growth.

"We have very little debt," said Deluca. "In fact, we have about $5 in cash for every $1 in debt. We are in a fantastic cash position."

As for management, Subway prefers to groom its own leaders from the franchisee ranks. The chain's field staff consists entirely of store owners who have been trained at the home office in Milford to oversee a specific geographic area. The top field staffers, called development agents, work directly with new franchisees. Their compensation is based on results in the field.

"Training begins as soon as someone joins the system as a store owner," said Deluca. "We grow them [managers] internally. We try to harness the energies of store owners and field people. In this manner, the management structure continues to expand as the chain expands."

At the home office, Subway is divided into seven departments, with all department heads reporting directly to Deluca. Departments include marketing, advertising, leasing, construction, legal, accounting and operations. Each department operates independently although they work together when necessary.

"I don't really direct the departments," Deluca stressed. "They direct themselves. This system works well in cutting down bureaucracy and most important, things get done."

On the operations side, there are in-office coordinators for each geographic area who work with the field staffers in those areas. Store owners can always reach one or the other and frequent communication is encouraged.

This system allows the home office to constantly appraise the activities of store owners who are permitted to test their own new products. Many franchisees carry a local sandwich of their own choice in addition to the standard menu.

The field staff also oversees distribution, which is conducted on a local level. Franchisees purchase nothing directly from the company. Instead, all purchases are made from local suppliers except for products that are unavailable in specific geographic areas. About 20% of the total product mix must be shipped in from the outside.

"The main difficulty in a new area is to understand the supplier's needs and get them to match ours," Deluca said.

With systemwide sales of $45 million in 1983, Subway's principal concern, according to Deluca, is increased traffic and higher unit sales. While stores have a strong repeat business—"about 90% of our customers are repeats"—the chain is seeking more new customers.

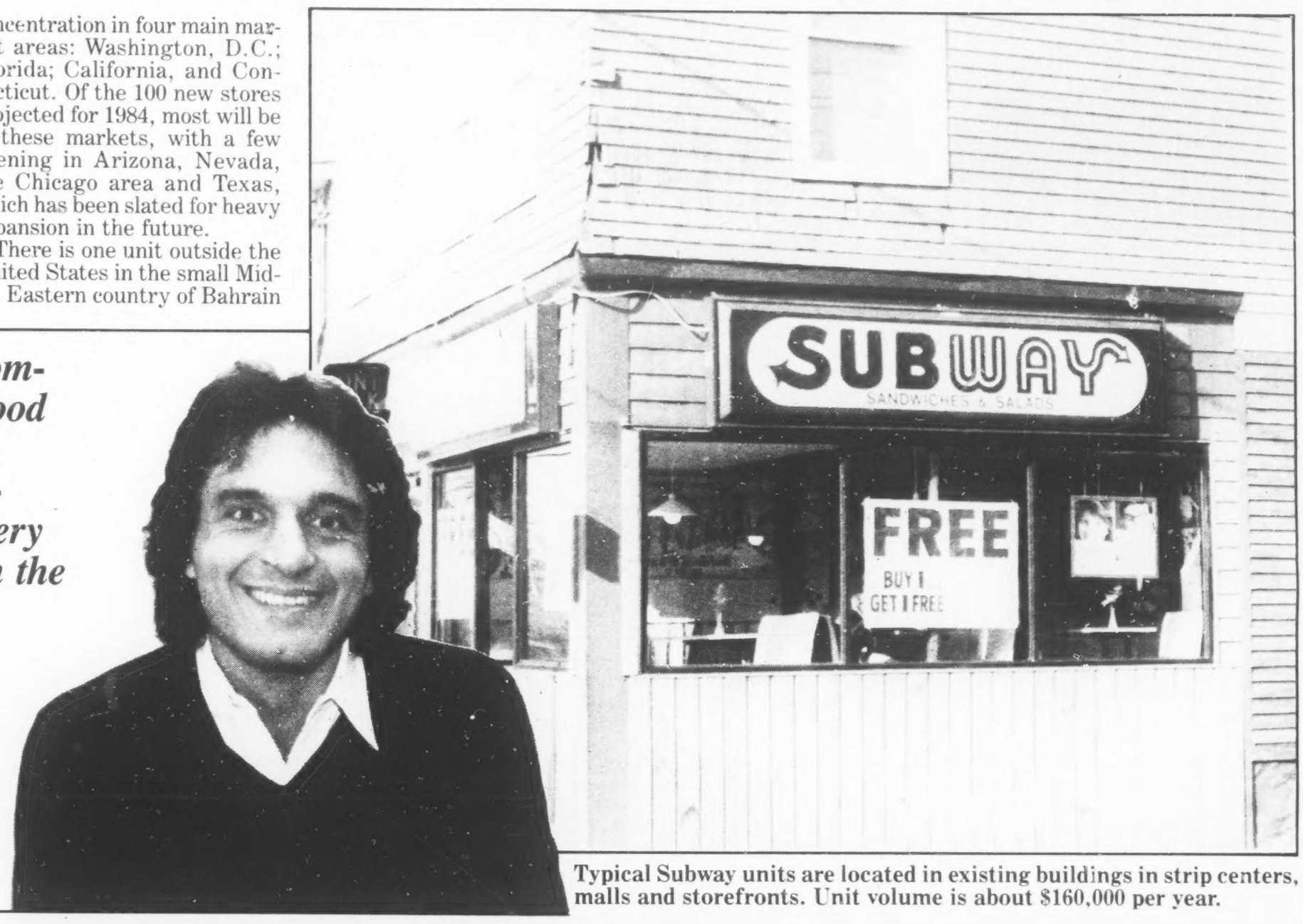
To that end, Subway has increased its advertising on a regional level and introduced a new ad slogan—"No styro food served here"—in an effort to strengthen its position against fast-food hamburgers.

The company has also worked hard to hold the line on prices and to increase product quality by finding new suppliers where necessary.

"Our stores have the capacity to handle more customers than they currently do," said Deluca. "We measure unit sales on a weekly basis and so far in 1984 they've been very strong. For the first five weeks of this year, [per store] sales are up an average of 5% over last year."

***'Subway is in direct competition with the fast-food hamburger chains. In most markets our foot-long sandwiches are very unique, especially with the combinations of vegetables we offer.'***

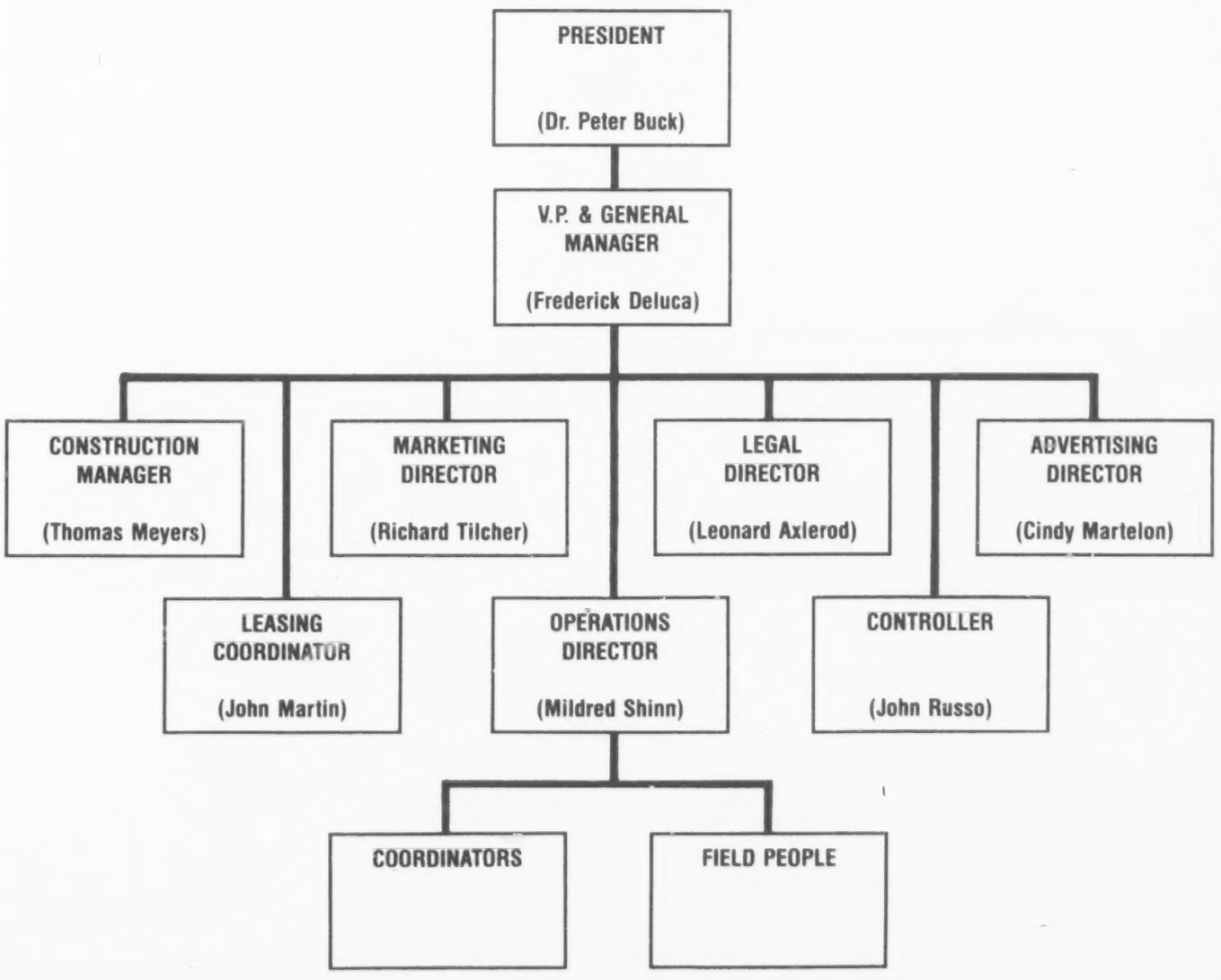
**—Frederick Deluca**
**vp, general manager**




**Typical Subway units are located in existing buildings in strip centers, malls and storefronts. Unit volume is about $160,000 per year.**

***'Training begins as soon as someone joins the system as a store owner. We grow [managers] internally. We try to harness the energies of store owners and field people. In this manner, the management structure [expands] as the chain expands.'***

***THE SUBWAY ORGANIZATION***



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SECOND-TIER CHAINS

# Stock market concerns force slower growth rate

NAUGLES

**By Rick Martin**

FULLERTON, Calif.—The philosophy of growth for the sake of growth is being viewed with increasing skepticism by the top brass of Naugles, Harold Butler's Mexican-American fast-food chain.

Although the company appears to have sufficient resources to continue its aggressive pattern of expansion for some time (it only costs about $300,000 to convert an acquired loser to the Naugles concept), the chain has become top heavy with new stores not yet performing optimally, thus masking the stronger performance of mature units.

Capital requirements are not the stumbling block for increased market penetration, but growing pains associated with Naugles' still-maturing fleet of drive-thrus are tempering some of the company's recent growth forecasts.

President Mike Mooslin points out that slightly more than half of the outlets in the 215-unit chain are under 18 months old, amounting to a considerable handicap for those inclined toward the unit-average yardstick for measuring performance.

Viewed on the basis of maturity, the picture is different. Units open prior to 1979 are yielding an average margin of 23%. But margins decline at newer restaurants. Stores open in '79 average 19%. Those open in '80 and '81 have margins of 17% and those open in '82 produce margins of only 4%. Breakeven generally happens after a full year's operation.

To counter this effect, plans to open 100 units in the next fiscal year are being scaled back to perhaps 60, although 10 to 20 more could be developed if choice sites in California become available. By allowing the chain to catch up with itself and mature, Naugles expects a more impressive pattern of profit gains.

A gradual move into franchising, including territorial deals for New York City, Philadelphia and Minneapolis, will serve to expand the company's national presence and generate revenues, without compounding the profit-masking effect born in its earlier, nonfranchise expansion years.

Besides the move into franchising, management sees another healthy sign in the steadily improving volumes of established stores. On a comparable-store basis, sales were up about 4% from the prior year in each of the last four months of 1983, and up about 8% in January.

Startup costs for new units are reflected in fiscal 1983 first-half results. Through the first half ended Jan. 12, net profit was up only 2% over last year's first 28 weeks, to $1.94 million. Revenue, on the other hand, was up 44% to $63 million from year to year. Revenues include $1.9 million from initial franchise fees; there were no such fees last year.

Although management expects to seek additional expansion financing eventually, once a base of mature units in is place, no immediate need for capital is seen. Naugles sold 660,000 shares of its common stock 15 months ago, and ended fiscal 1983 last June with $7 million in cash equivalents on hand.

Completion of the private placement of $8 million in mortgage notes for real estate financing has been this year's undertaking. For the first time, Naugles is retaining ownership of the properties purchased with these funds.

To remove the operating losses of some immature stores from the company's income statement, Naugles is considering selling its 20-odd units in the Chicago market to a limited partnership as a tax shelter. The company would retain an option to buy them back some years down the line, and operating losses in the interim would be absorbed by the partners.

Aside from the new-unit profit masking effect, the other major factor influencing the company's more measured outlook toward growth is manpower. "It's not so much a matter of how many [units] we build, but where we build," says Mooslin. "We don't want to outrun our management, and right now our management is mainly in the West."

Naugles is not playing the bidding-war game in pursuit of management talent, preferring its tested formula of cultivating home-grown human resources. The company's unorthodox approach to recruitment involves seeking out mature adults, and taking advantage of the "empty nest" syndrome by hiring a significant number of homemakers who've finished raising their families.

Along with its large number of handicapped and senior citizen employees, Naugles' crop of women managers lends stability to the chain, accounting for turnover rates a fraction of those burdening the competition.

Offering wages about $1 an hour above the minimum wage also lends added stability, Mooslin says. And tying a manager's bonus to the volume of drive-thru traffic a unit can process provides an incentive to keep cars—and sales—moving. (More than two-thirds of all Naugles' sales are drive-thru.)

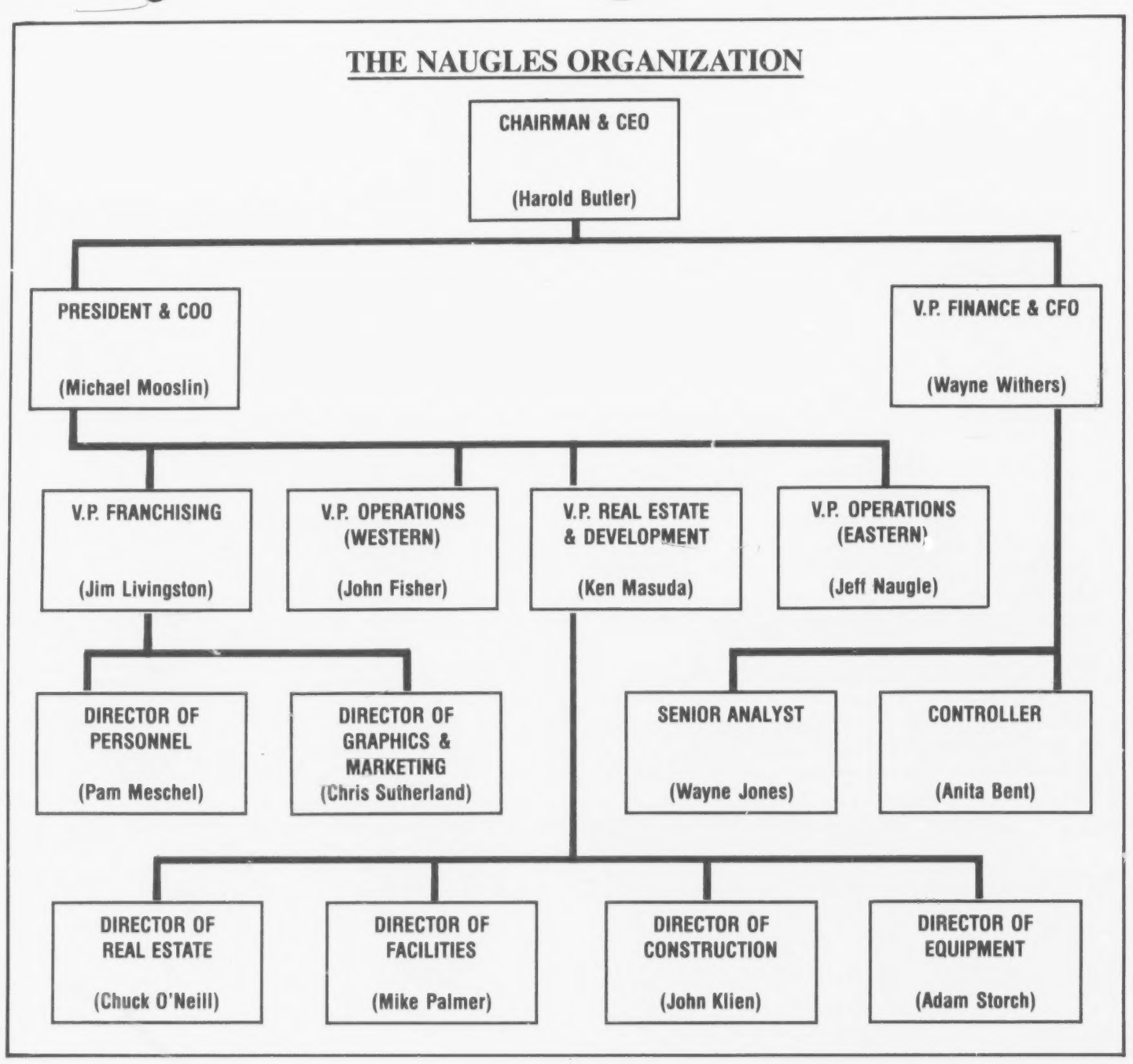
Naugles claims to eschew the price-point consciousness which has characterized combatants in the so-called "burger wars." Its range of combo platters selling for $4.49 now accounts for sales of some 20,000 units per week throughout the system, exemplifying the company's goal of targeting the maturing tastes of baby-boomers who have grown up on fast food.

The new young adult consumer majority feels "no taboos about getting [quality food] in a paper sack," Mooslin says, adding that Naugles would rather offer value than worry about maintaining low price points.

Naugles new dinner platters aren't the chain's first break with the traditional menu styles of the burger and Mexican fast-food segments—which the company has sought to hybridize and upgrade. Last year, boneless chicken meat in a mildly spiced sauce was offered as an alternative to beef in any menu item.

Also in 1983, Naugles rolled out its outsize Macho Taco, which now accounts for 20%-25% of all taco sales. An overstuffed Macho Burrito item had been rolled out earlier. In Florida, tests are being run on a soft-shell taco, which is a popular item in the Southeast.

Just as the absence of overhead from marketing is seen as an advantage (Naugles doesn't advertise), so too is the company's simplified approach to distribution. Its lean list of ingredients and its relatively high unit sales averages (about $720,000 for mature stores) makes Naugles an "ideal customer" for the two distribution companies with which it does business (one in the West and one in the Midwest). "Our turnover is as low with our vendors as it is with our employees," Mooslin says.




***NAUGLES***

**(Fiscal Year Ended June 30)**

| | 1981 | 1982 | 1983 |
|---|---|---|---|
| Systemwide Sales (In Millions) | $38.9 | $55.8 | $86.7 |
| Net Profit | $930,000 | $2.37M | $3.06M |
| Average Same Store Sales* | $720,000 | $720,000 | $720,000 |
| Average Per Person Check | $2.95 | $3.40 | $3.65 |
| Number of Units | 64 | 105 | 166 |
| % Menu Price Increase | 7% | | |

Source: *NRN* Research

*Units open over one year

**Slower-than-expected growth at Naugles drive-thru units have tempered forecasts.**

# FOCUS NRN

## SECOND-TIER CHAINS

# *A strategy designed to combat 'consumer fatigue'*

**BOBBY RUBINO'S**

FORT LAUDERDALE, Fla.—Bobby Rubino's Place for Ribs has set itself apart from many other rib house chains by attacking the segment's growing problem of "consumer fatigue" through a menu diversification strategy.

Many competitors offer only barbecued ribs and chicken and a couple of other items, a strategy which works for a while in new markets but discourages strong repeat business. Sticking to a very limited menu also makes it difficult for a chain to build market share.

Bobby Rubino's, a 15-unit chain which is expanding at a rate of at least one new unit a month, features a dinner menu with barbecued country-style ribs, barbecued baby back ribs and barbecued chicken, items which account for 75% of tota! sales.

In addition, there is chicken cordon bleu, chicken parmigiana, sirloin steak, steak tidbits in gravy, London broil in mushroom gravy, rainbow trout, fried grouper filet, chef's salad, a ½-lb. hamburger, side dishes such as french fries and an onion loaf and daily specials.

At lunch, prices for those items are lower and there's also a choice of a tuna salad platter and low-priced daily specials, including roast loin of pork ($2.95) and baked fillet of sole ($3.95). Prices vary in some cities.

In some Florida restaurants, prime ribs of beef entrees have been added to the dinner menu and may be rolled out in other cities later this year. Like other entrees, prime ribs are served with coleslaw and french fries or baked potato. They are priced at $9.95 for a 12-oz. portion and $14.95 for a 28-oz. portion.

"We not only want to attack market share with our menu—Fort Lauderdale, for example, is a mature rib market—but we try to stay one step ahead of the competition," explains marketing director Rod C. Sheldon. "We're not a limited menu chain anymore."

Menu diversification, however, has not taken the spotlight off ribs, which are far-and-away the chain's best-selling item, accunting for 60% of unit sales. The second most popular item at Bobby Rubino's is barbecued chicken, accounting for 15% of sales.

By expanding its menu, Bobby Rubino's brings back customers more frequently than in the past, officials say, and makes the restaurants more appealing to a wider customer base.

New products are not added to the menu unless they offer a strong price-value perception to consumers, Sheldon says. He calls prime ribs "a tremendous value" even though they are Bobby Rubino's highest-priced entree. Barbecued ribs are priced at $8.95, barbecued chicken at $5.45 and chicken parmigiana at $5.25. A "Bobby Burger" is $3.45.

Pricing is decided on a market-to-market basis, always with "good value" in mind, Sheldon says. For that reason, unit level profit margins are not as high as they might be. "We're a volume operation," Sheldon notes. "Maybe our margins aren't that wide, and maybe in some markets we could get more."

Average per-person checks at Bobby Rubino's are $12 at dinner. Average unit sales in 1983 were $2.6 million on an initial $1 million investment for land, building and equipment. Unit sales were $2.4 million in 1982 and $2.2 million in 1981.

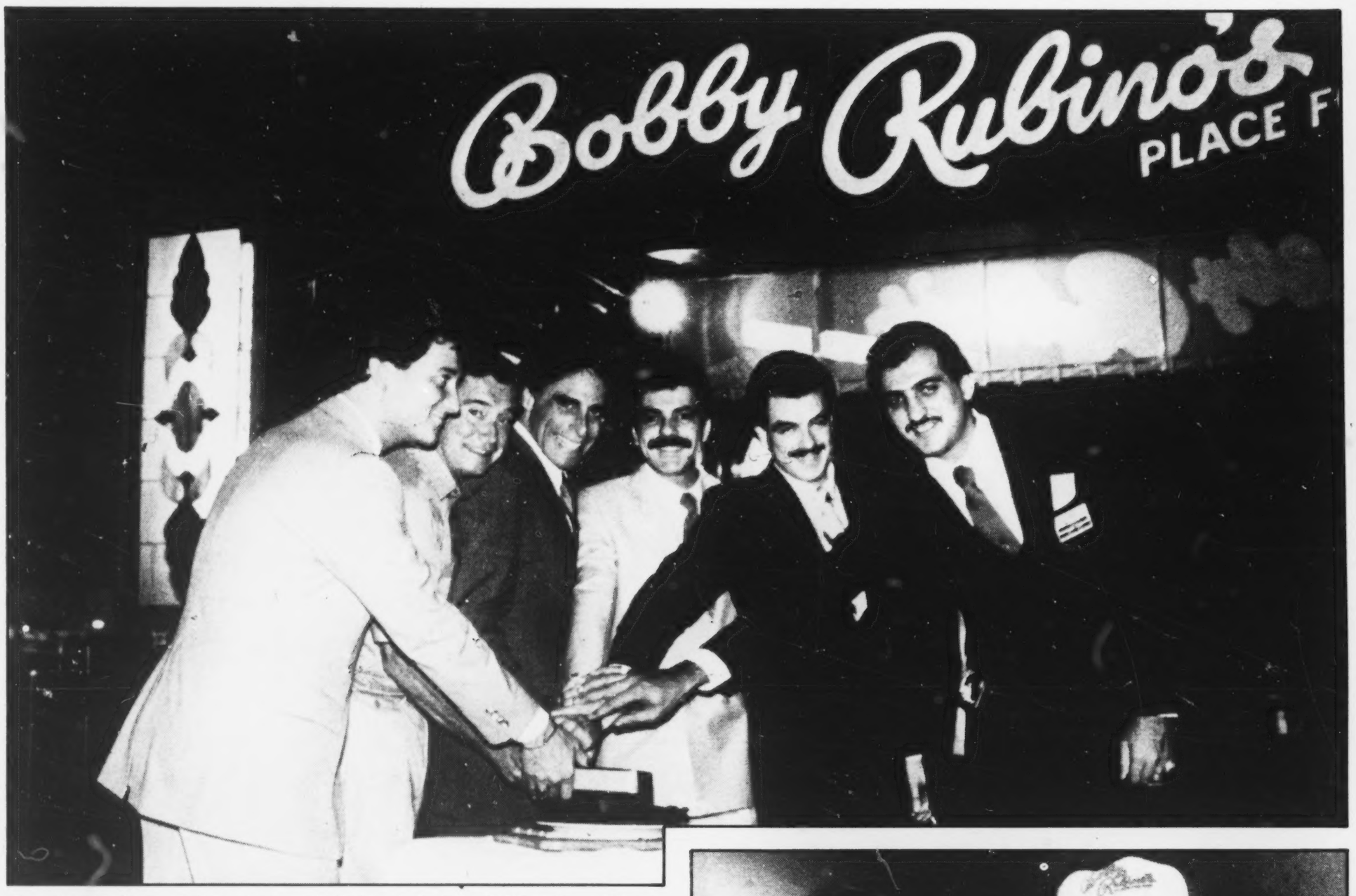
With a signature dish that has become one of the most popular "fun foods" of the 1980's, Bobby Rubino's is settled in a market niche "somewhere between fast-food and fine dining," according to Sheldon.

Like its competitors in the barbecued ribs dinnerhouse segment, Bobby Rubino's competes directly with traditional dinnerhouses and casual theme restaurants, both of which have similar price points.

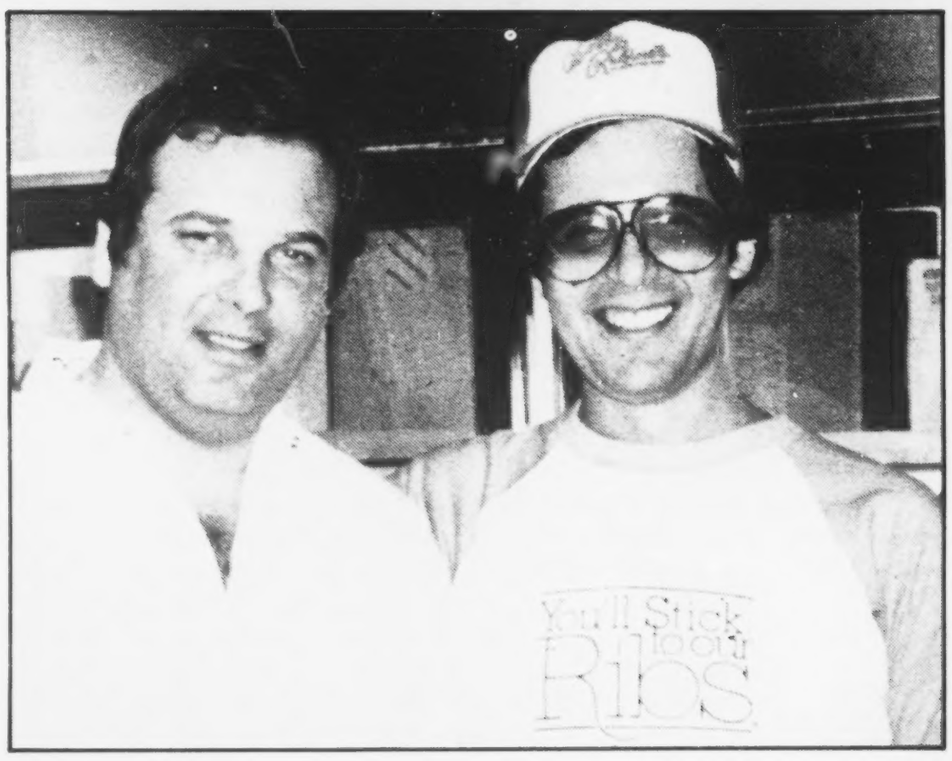
Though certainly not the largest rib chain—Tony Roma's, for example, has twice as many restaurants—Bobby Rubino's expansion plans and menu diversification strategy position it for a leadership role in the rib segment.

Bobby Rubino's Place for Ribs was founded several years ago by two brothers, Frank and Anthony Galgano, who direct day-to-day operations with Jerry Moniz, director of franchising, and Sheldon.

Profit sharing and stock option plans are being developed for employees.




**Outside Bobby Rubino's are (left to right) Rod Sheldon, director of marketing for Bobby Rubino's USA Inc.; Regis Philbin of ABC's *Good Morning New York;* Manhattan Borough President Andrew Stein; Frank Galgano, president of Bobby Rubino's; Anthony Galgano, director of operations, and Frank Christiano, unit manager, Bobby Rubino's/New York. At right: Mitchell Mekles (left) and Dr. Mitchell Levy, franchisees of Bobby Rubino's Englewood Cliffs, N.J., unit.**




Bobby Rubino's operates and franchises restaurants in Florida, New York, New Jersey, Pennsylvania, Illinois, Georgia, Ohio, Washington, D.C., and Canada. It plans to maintain an even split between company-operated and franchised units.

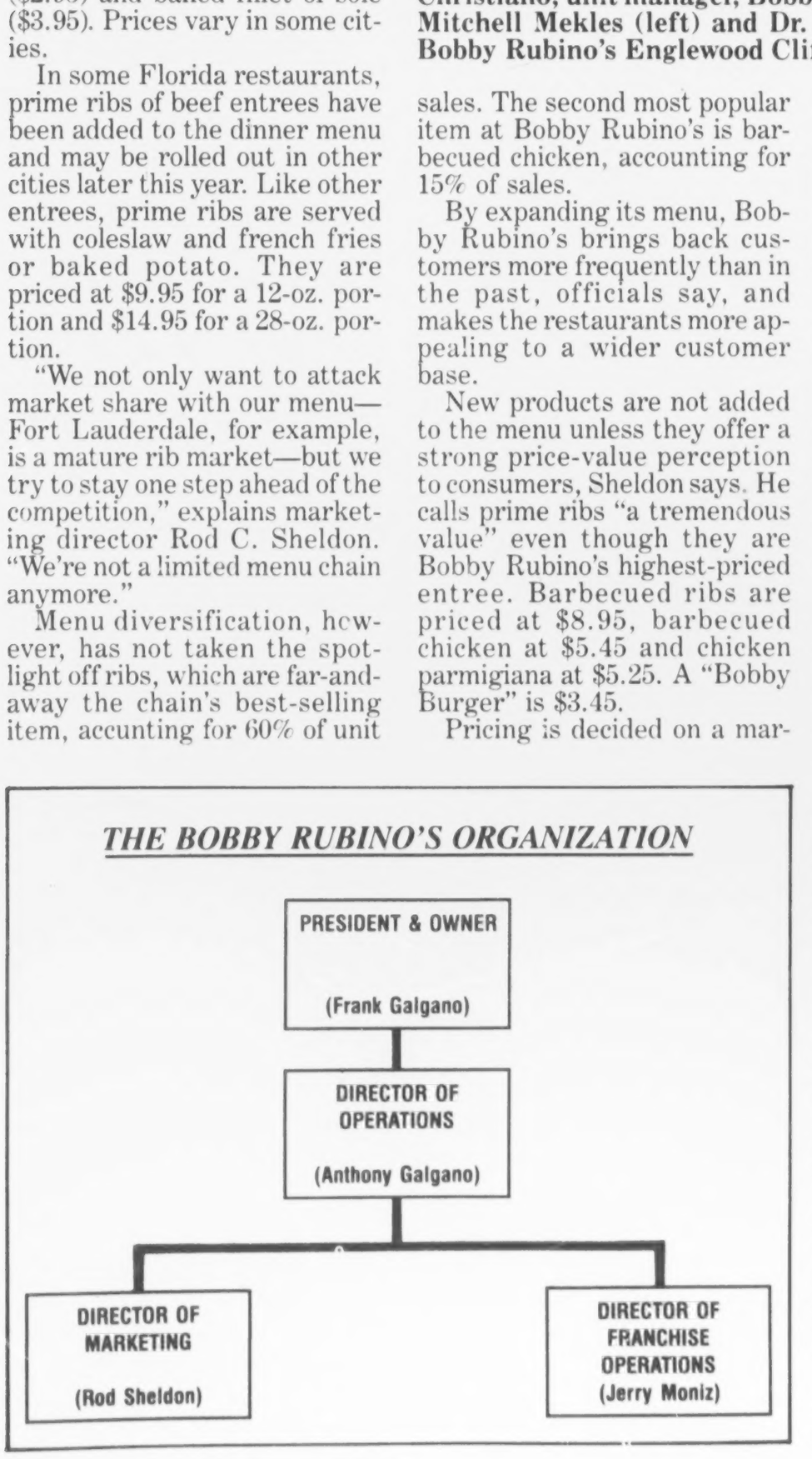
Expansion of company opertions if financed through traditional bank loans, short-term construction financing and with minor investor partners.

Bobby Rubino's has turned down at least one acquisition offer from a New York-based food-service company.

In New Jersey, two partners, Mitchell Mekles and Dr. Mitchell Levy, have just opened their second franchised Bobby Rubino's in Verona, and will open their third in Paramus this month.

"The success of our first Bobby Rubino's gave us good reason to bring others on line," Dr. Levy says. "The high value, low cost quality of ribs and chicken works."

***THE BOBBY RUBINO'S ORGANIZATION***



**Bobby Rubino's management team: (left to right): Frank Galgano, Anthony Galgano and Rod C. Sheldon.**

FOCUS NRN

SECOND-TIER CHAINS

# *Spreading out to create a 'national presence'*

**PO FOLKS**

NASHVILLE—General strategy for Po Folks restaurants is to get units open in as many markets as possible in order to create a national presence, says president and chief executive officer Clyde Culp.

Last month this fast-growing chain of midpriced country-style restaurants opened its 100th unit. By the end of the year, says Culp, 170 franchised and company-owned stores should be open.

Po Folks has been expanding its base of restaurants featuring basically Southern-style preparations throughout the West and now into the Midwest. Menus, which contain folksy wisdom and phonetic misspellings, include items like conutry-fried steak, $3.49; catfish, $5.49; chicken livers, $3.29, and gizzards, $3.29; seafood gumbo, 99¢ and $1.95; fried okra, 59¢; turnip greens, 59¢, and moon pie, 20¢, for dessert.

Since much of Po Folks' growth will be franchised, financing will not be a major problem for the Nashville-based Po Folks Inc. At least one franchisee has recently made a public offering of stock; others are expected to obtain bank financing or use sale leasebacks.

Po Folks Inc. is an independent public company, having spun off last year from Krystal Company, the Chattanooga-based food-service chain. Po Folks has a subsidiary, DavCo Food.

Though company officials say they hope to double the chain's size this year, Culp says variable growth rate plans, from "aggressive" to "conservative," have been developed. If problems came up, Po Folks would "become austere" and work toward the conservative growth rate.

Coping with rapid growth has made it necessary to hire about 80 new staff members in the past seven or eight months to manage the Po Folks system. Stock options and bonuses are offered as incentives at different managerial levels.

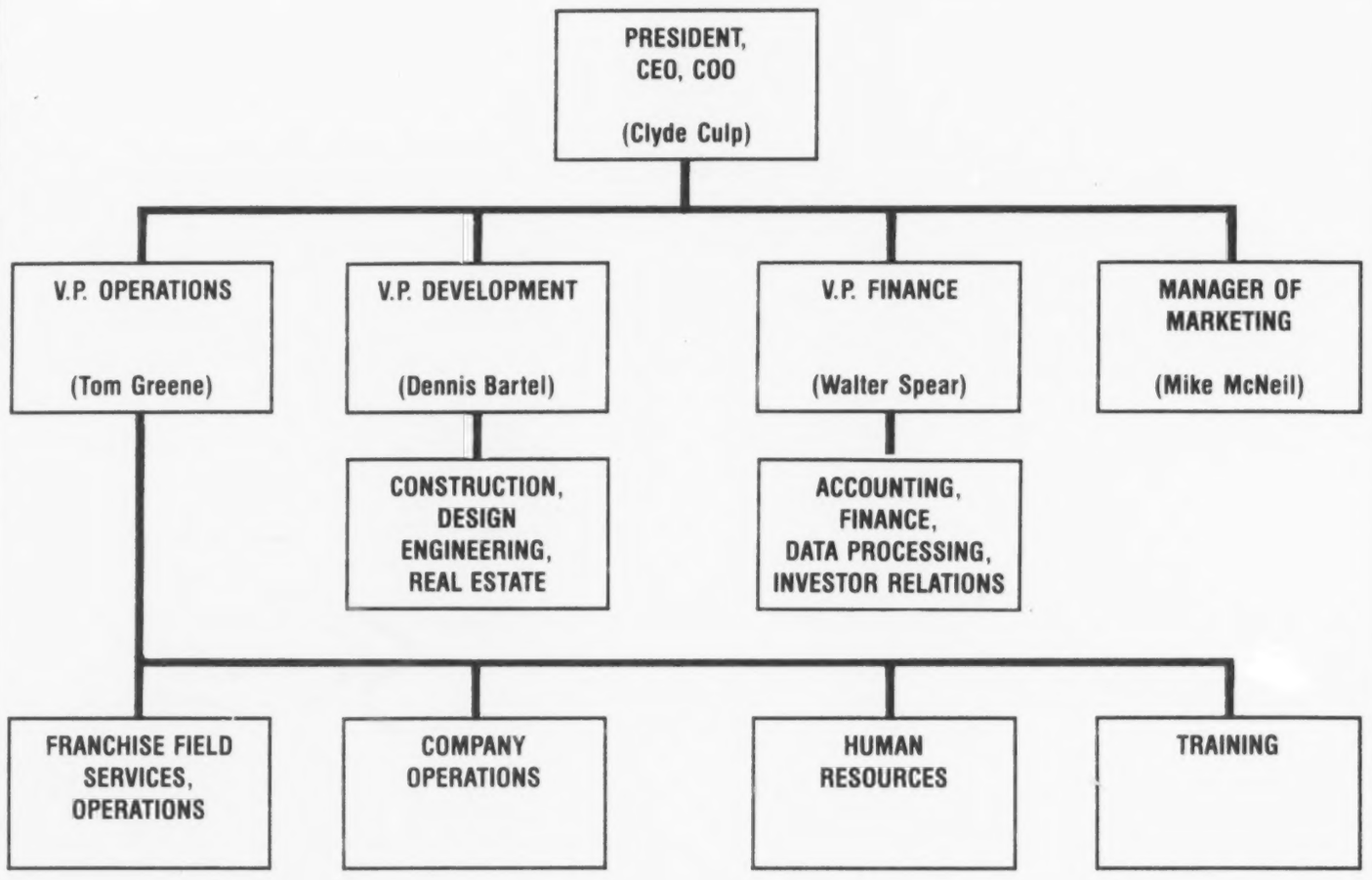
Menu development apparently will not be a major factor in the chain's growth. In two years the menu has not changed. Culp says a survey of 6,000 customers showed there was little need for additional items. Using the phrase popularized in the Carter years, Culp concludes: "If it ain't broke, don't fix it."

Po Folks emphasizes large portions at moderate prices, with an appeal to families. Because of the family orientation no liquor is served.

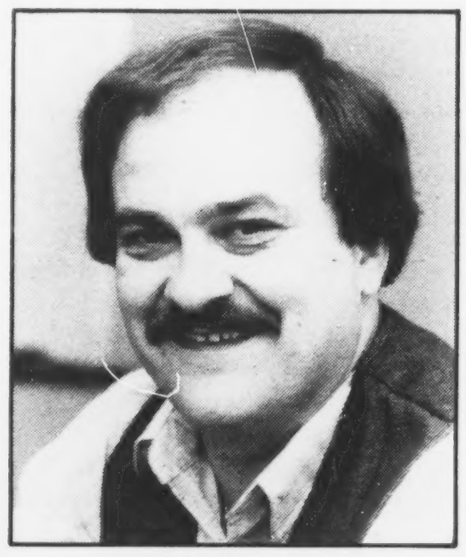
In pricing the chain is occupying a niche between the sit-down restaurants and the fast-feeders. An average per-person check is about $3.75. In order to maintain the price point, effective menu management is employed. For example, according to Culp, if meat prices should rise, the chain will promote and develop its seafood and chicken offerings. The most popular menu items are chicken, seafood, chops and country steak.

*Menu development apparently will not be a major factor in the chain's growth. In two years the menu has not changed.*

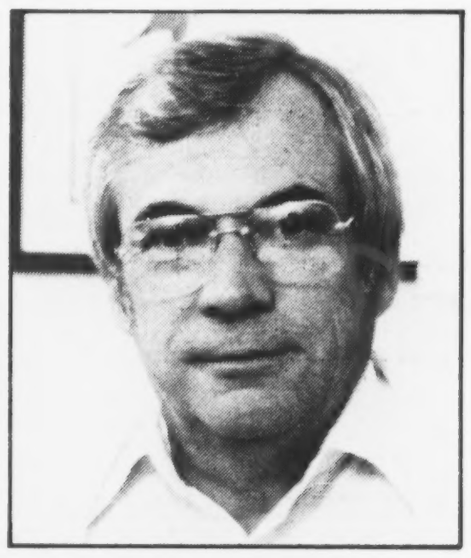
***THE PO FOLKS ORGANIZATION***



**Clyde E. Culp**



**Tom Greene**



**Walter Spear**

**Dennis Bartel**

Customer counts were beginning to rise again in February after falling slightly in January due to bad weather. Before that they had been flat for several months.

Culp says research shows that Po Folks' customers are loyal. According to this study of "heavy users" of the restaurants, those surveyed said that 40% of their dining-out experiences in a month were at Po Folks.

On the DavCo side of operations, executives say they hope to add about 14 Wendy's units this year in their Washington-Baltimore-St. Louis markets, bringing the total to more than 100. The strategy for the Wendy's is to penetrate the markets more fully and put more emphasis on local advertising.

***PO FOLKS RESTAURANTS***

**(Fiscal Year Ended Sept. 30)**

| | 1981 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $36.0 | $123.0* | $159.0 |
| Revenues | $294,000 | $13.5M | $32.0M |
| Net Profit (Loss) | ($6,000) | $736,000) | $1.3M |
| Average Same Store Sales | $1.16M* | $1.5M | $1.7M |
| Number of Units | 34 | 82 | 154 |

Source: *NRN* Research **NRN* Estimate

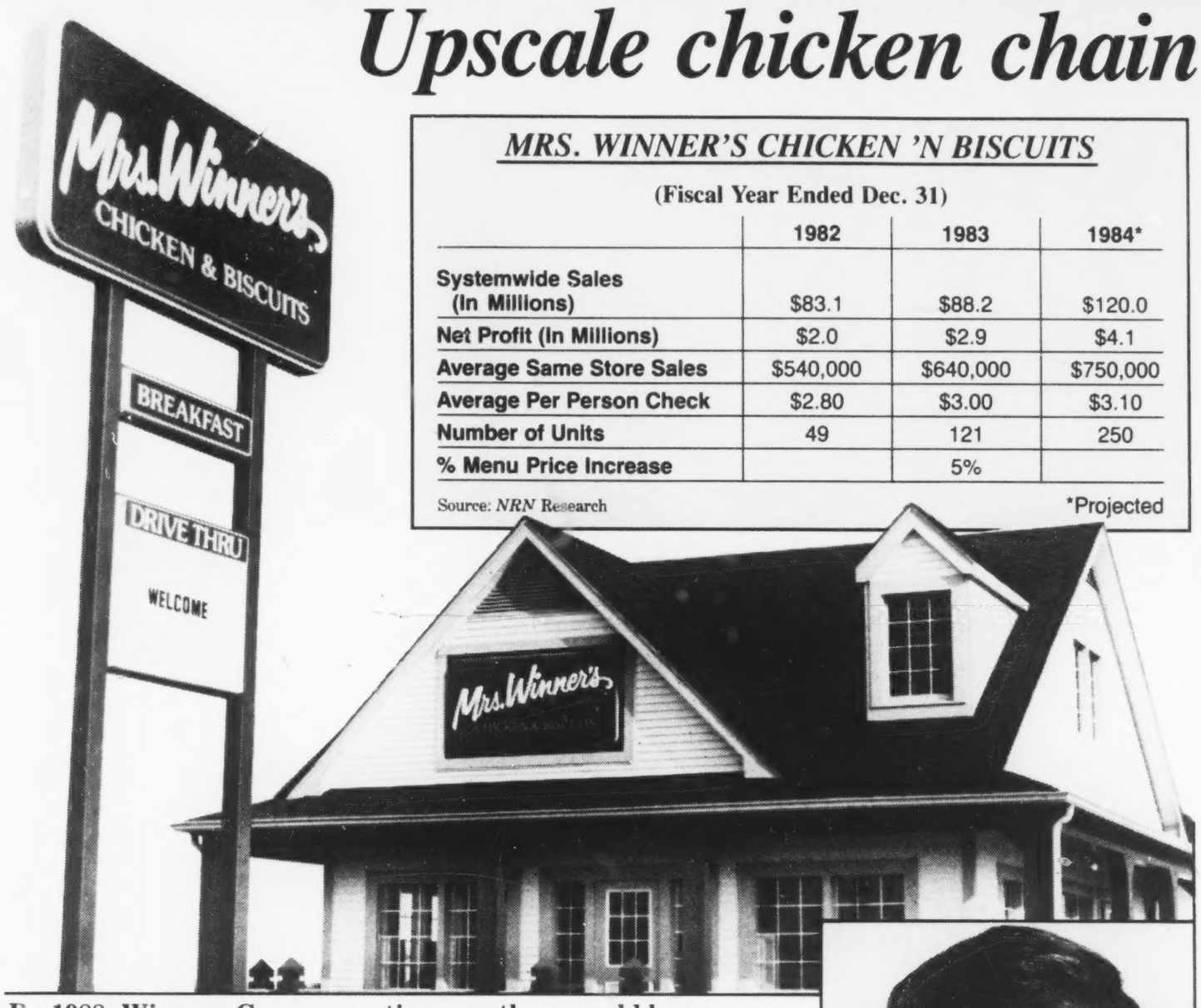
These figures do not include the Wendy's operations.

**Eighty new staff managers have been hired in past months to cope with the chain's rapid growth.**

FOCUS NRN

SECOND-TIER CHAINS

# *Upscale chicken chain plants roots in South*




**By 1988, Winners Corp. executives say there could be as many as 1,000 Mrs. Winner's units in operation.**

***MRS. WINNER'S CHICKEN 'N BISCUITS***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $83.1 | $88.2 | $120.0 |
| Net Profit (In Millions) | $2.0 | $2.9 | $4.1 |
| Average Same Store Sales | $540,000 | $640,000 | $750,000 |
| Average Per Person Check | $2.80 | $3.00 | $3.10 |
| Number of Units | 49 | 121 | 250 |
| % Menu Price Increase | | 5% | |

Source: *NRN* Research *Projected

## MRS. WINNERS

**By David Zuckerman**

NASHVILLE—With a carefully mapped limited expansion strategy and a burgeoning upscale identity, Mrs. Winner's Chicken 'N Biscuits, a division of Winners Corp., is rapidly carving a market niche across the southern quadrant of the United States.

Positioned at the high end of the fast-food chicken market, the chain is tackling competitors head-on with an innovative menu built around two signature items: chicken and biscuits.

Available in a variety of combinations, these two items form the basis of a menu mix that has been showing strong results in all three day parts—breakfast, lunch and dinner—according to Phil Martin, a spokesman for the 150-unit chain.

By expanding its biscuits into the lunchtime meal period, Mrs. Winner's has boosted average annual unit sales from $561,000 in 1982 to a current level of $676,000.

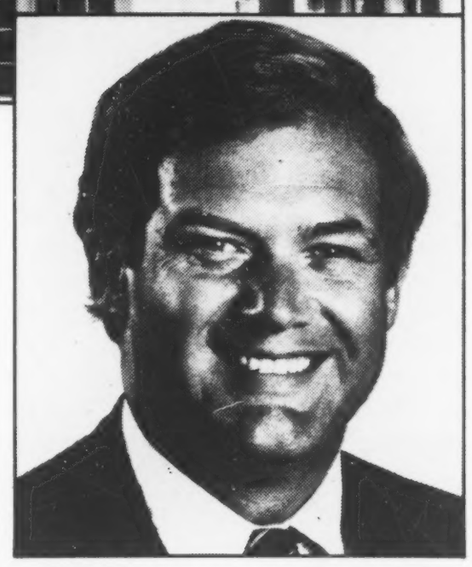
"Biscuits give the impression of a breakfast item," Martin said. "But with the introduction of our Club Biscuit sandwiches six months ago, they are now selling very well at lunch."

At breakfast, biscuit sandwiches, which range in price from 89¢ to $1.39, include sausage, chicken, country fried steak, country ham, bacon, country gravy, eggs and cheese.

During lunch, the same biscuits produce a higher ticket item—the Club Biscuit sandwiches. There are currently two available, steak at $1.49 and chicken for $1.79. These are served with bacon and cheese plus side dishes of baked beans or corn on the cob.

The Club Biscuit rollout, Martin said, illustrates perfectly the chain's strategy in regard to price points. While the average check is currently about $3, it is expected to rise gradually as consumers perceive a higher value in such products.

While fried chicken remains a staple of the menu mix, with chicken takeout accounting for up to 50% of sales in some units, Mrs. Winners does not consider KFC or Church's as its major competitors. With its more upscale unit design and menu variety, Winner's has set its sights on such chains as Bojangles, Grandy's and Sisters.



**M. V. "Buck" Hussung Jr.**

At dinner, for example, offerings include a spicy chicken and dumplings platter and a country fried steak platter, both served with two side dishes and biscuits. These items, according to Martin, help project Mrs. Winner's as a full-scale restaurant rather than strictly a fried chicken outlet.

In addition to improving perceived value among consumers and pushing up check averages, the broader menu has helped keep food costs in check and margins relatively high. Winner's has largely avoided the sting of increased broiler prices over the past year since chicken accounts for only 39% of the chain's food-cost dollar. Other food items have remained relatively stable, keeping overall food costs at a manageable level.

The newest product in the Mrs. Winner's arsenal—a stuffed baked potato—is projected to further increase lunchtime business. Launched early this year at 20 units in the Nashville market, the baked potato is scheduled for rollout to all company stores this year.

Like the Club Biscuit, the baked potato relies heavily on products that are already in the units. It is being offered with a choice of five toppings: chicken and cheese; sour cream and chives; sausage, gravy and cheese; bacon and cheese, and broccoli and cheese.

Winners Corp., a public company that also operates over 50 franchised Wendy's, has thus far concentrated expansion of company-owned Mrs. Winner's in four major markets: Atlanta, where the chain started; Nashville; Birmingham, Ala., and Louisiana.

Backed by a regional advertising program, the company has worked to become the dominant quick-service fried chicken chain in each of these markets, targeting a minimum of 25% of market share.

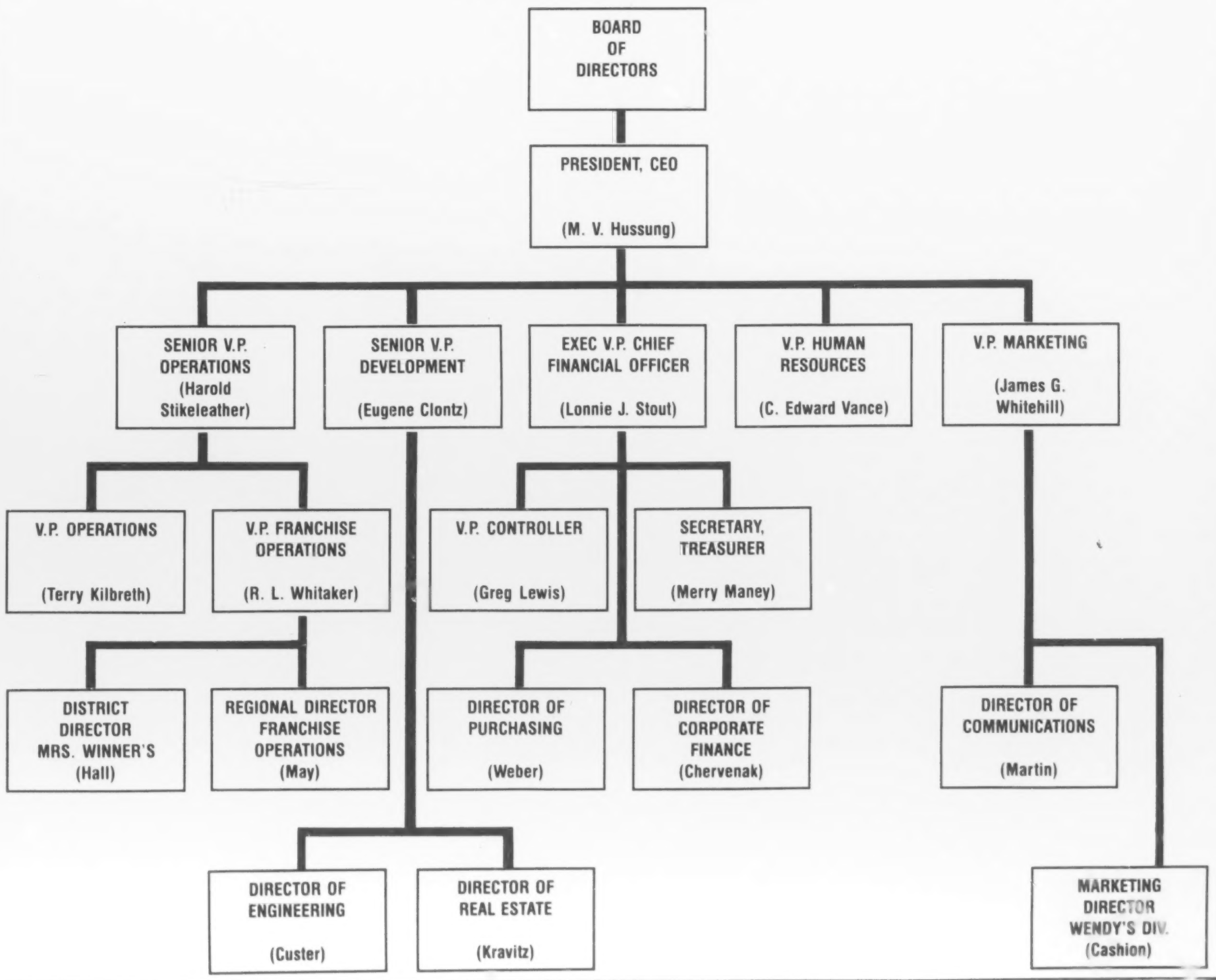
"At this point in time we are not projecting becoming a national chain," said Martin. "Our customer base is geographically limited and we are sticking to those areas where we feel we can dominate the market."

Fueled by a $25 million convertible debenture offering last year, the chain increased its stock of company stores from 65 at the beginning of 1983 to a current total of 125. They have also entered several new markets including Knoxville, Memphis, Asheville, N.C., and Dallas.

An active franchising program is also under way with new markets being opened in Fort Worth, Tex., Oklahoma, Nevada, Denver, Florida, and High Point, N.C.

In 1983, Mrs. Winner's added about 25 franchised stores and over the next five years, franchisee contracts call for the development of approximately 400 Mrs. Winner's restaurants. By 1988, according to top company executives, there could be as many as 1,000 Mrs. Winner's Chicken 'N Biscuit units in operation.

***THE WINNERS CORP. ORGANIZATION***


BOARD OF DIRECTORS
PRESIDENT, CEO (M. V. Hussung)
SENIOR V.P. OPERATIONS (Harold Stikeleather)
SENIOR V.P. DEVELOPMENT (Eugene Clontz)
EXEC V.P. CHIEF FINANCIAL OFFICER (Lonnie J. Stout)
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V.P. FRANCHISE OPERATIONS (R. L. Whitaker)
V.P. CONTROLLER (Greg Lewis)
SECRETARY, TREASURER (Merry Maney)
DISTRICT DIRECTOR MRS. WINNER'S (Hall)
REGIONAL DIRECTOR FRANCHISE OPERATIONS (May)
DIRECTOR OF PURCHASING (Weber)
DIRECTOR OF CORPORATE FINANCE (Chervenak)
DIRECTOR OF COMMUNICATIONS (Martin)
DIRECTOR OF ENGINEERING (Custer)
DIRECTOR OF REAL ESTATE (Kravitz)
MARKETING DIRECTOR WENDY'S DIV. (Cashion)

FOCUS NRN

SECOND-TIER CHAINS

# New menu item rollout spurs marketing attack

**PIONEER**

**By Rick Martin**

LOS ANGELES—Although Pioneer Take-Out Corp. wants to escalate the recently modest growth rate of its 327-unit fast-food chicken chain, the company is first tackling a more basic issue.

By restructuring its menu, its marketing attack and its image, the 23-year-old chain is looking to gain momentum it can then put to use in physical expansion.

Pioneer recently signed O. J. Simpson to a three-year deal to represent the company in print and on the airwaves. The Simpson campaign will coincide with rollouts of new menu items geared to recapture some the market share lost in recent years to upgraded fast feeders now doing chicken and to KFC with its fresh biscuit program.

The new hot 'n spicy chicken, spicy rice and fresh buttermilk biscuit items being introduced this month are only a prelude to further menu-mix realignment coming later this year. A "country" breakfast program, a new variety of chicken and a chicken fried steak and gravy item are now going through R&D and field testing.

When its streamlined new menu boards and its new product offerings are in place throughout its markets in California, Arizona, Nevada and Hawaii, the company can turn its attention to stepping up expansion.

President and ceo Rick Kaufman and the other top executives of the company have talked about taking Pioneer public—a notion which they say is not likely to be acted on for the next three to five years. In the meantime, the company is using a combination of internal cash and bank debt to fund growth, with costs often reduced through sale leasebacks and, of course, franchising.

About 64% of the chain is franchised, and Pioneer's corporate revenues are fully half of systemwide sales. Those sales have remained flat—at about $92 million annually—for the last several years, giving management reason to rethink the company's image and marketing strategy before too much physical expansion is undertaken.

Without having to deal with the demands placed on public companies by outside investors, Pioneer has been able to hold back on forced development while revising its game plan. "We're cautious about taking on new debt," says Stephen Franklin, senior vp and cfo. "We have never put emphasis on growth for the sake of numbers."

Franklin knows of all too many food-service companies of Pioneer's approximate size which have gotten into hot water from trying to expand too rapidly. And president Kaufman knows the human equation is of equal importance to a meaningful growth profile.

"Our rate of growth must always be commensurate with our ability to manage," Kaufman says, adding that Pioneer has striven—with concepts like its "wagonmaster" program—to build and keep management talent. More than half of all unit managers have come up through the ranks, from crew member to team leader to management candidate, motivated by such incentives as a 13-step profit sharing plan which can earn a manager as much as 20% of his unit's net profit.

Pioneer's more intense emphasis on menu diversification is the special concern of Al Prospero, vice president of products, purchasing and research and development. He says one of his main concerns is positioning the chain with products *and* prices that are appropriate for the company's marketing targets.

"We have to be sensitive to the 'price psychology' of our typical customer," Prospero says, adding that much of Pioneer's clientele is blue-collar and Latino, given the fact that about 60% of the chain is in the Los Angeles market.

Price increases over the last three years have been modest, averaging 2.8% per year. An average check is now about $3.80.

One of the problems on which Prospero is now working is one that is intrinsic to fried chicken chains with a wet-batter product. Because wet batter is more susceptible to inconsistencies in preparation—owing to fry fat temperature variations and oil absorbency—Pioneer is considering offering an optional dry-batter chicken product some time down the line.

A more immediate concern might be the coming rollout—perhaps by late summer or fall—of a chicken fried steak item ($2.29 with mashed potatoes and gravy), and "country" breakfasts of sausage, ham, eggs, biscuits and gravy. Testing is mainly going on in Pioneer's stores in the Las Vegas market.

Pioneer's principal goal, naturally, is boosting customer counts, which have remained flat for the last two or three years, but are now increasing.

Distribution problems are minimized by Pioneer's concentration in the Southwest, with "full-service, one-stop-shopping" from one distributor in California, and another servicing Arizona and Nevada. Both suppliers are bound to contracts which provide that they will service any new territories Pioneer may enter. "We no longer have the problem, as in years ago, where a company would suffer by going into a remote market," Prospero explains.

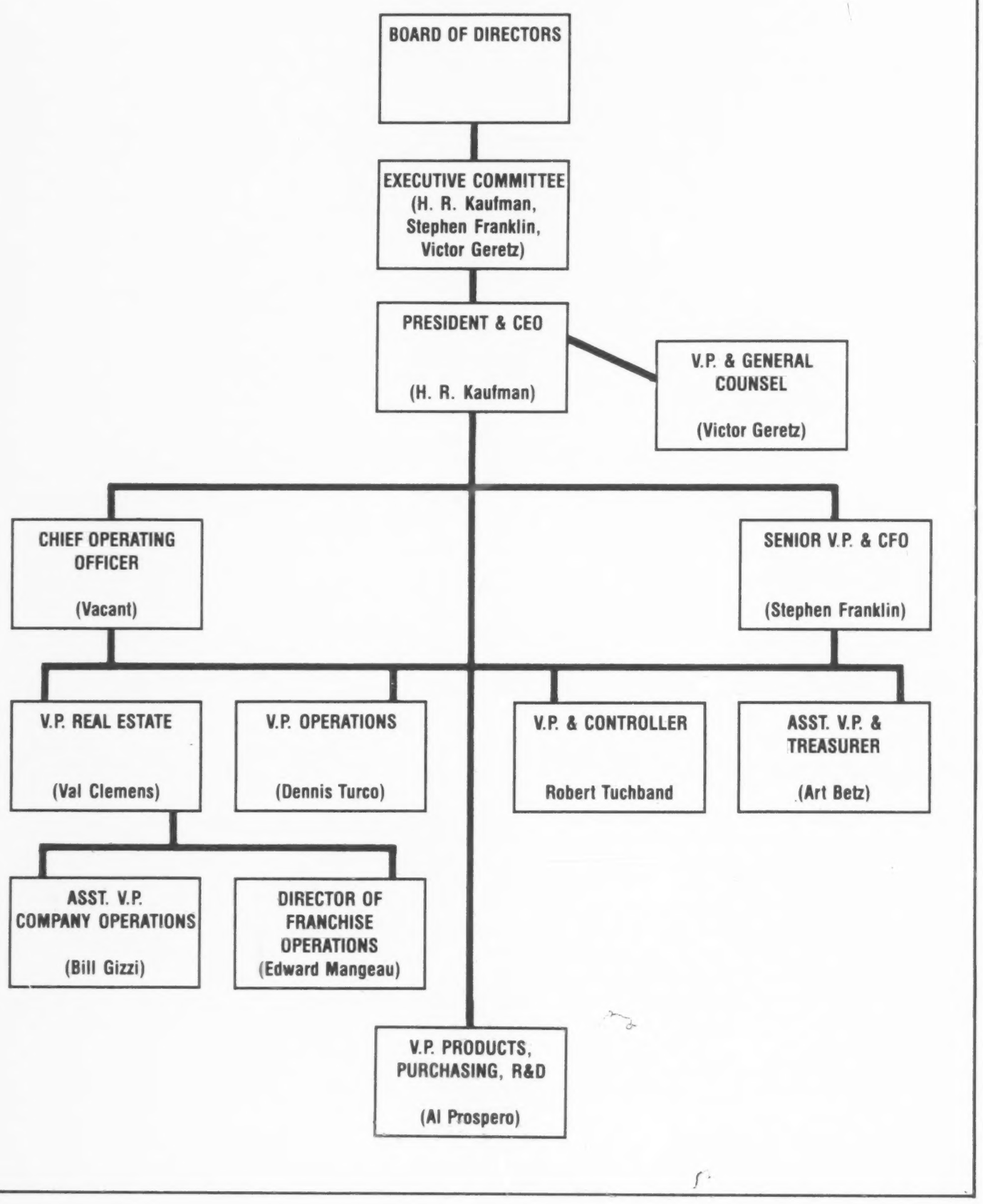
Franchisee relations are important to an outfit like Pioneer, especially with its pending switch to new menu boards, early morning hours for breakfast sales, and related promotions. The company recently created consulting teams which will work out of corporate headquarters and service the particular needs of three basic franchise types: Single-unit, low-volume operations; average-to-high-volume outlets, and multiunit franchisees.

The coming rollouts will require a concerted effort on the part of the company and its franchisees, with public perceptions and marketing impact seen as the critical risk factors. "We usually like to do a soft sell to franchisees, rather than pointing to the fine print in their contracts," says one high-ranking Pioneer executive, "but we've got to have a unified approach to introduction of our biscuits, our breakfasts and the rest."

Franchisees could be Pioneer's principal vehicle for eventual expansion into new territories. The company expects to sell its first area franchises this year for Eastern and Midwestern territories.

Franchisees have recently opened the system's first two shopping mall units in Los Angeles; early sales performances in the prototype units show the potential for annual sales in excess of $700,000, the company reports. The mall outlets show some new wrinkles in the basic Pioneer concept by having salad bars and build-your-own ice cream sundae bars, plus five-register sales counter layouts for faster turnover.

***THE PIONEER ORGANIZATION***


BOARD OF DIRECTORS
EXECUTIVE COMMITTEE (H. R. Kaufman, Stephen Franklin, Victor Geretz)
PRESIDENT & CEO (H. R. Kaufman)
V.P. & GENERAL COUNSEL (Victor Geretz)
CHIEF OPERATING OFFICER (Vacant)
SENIOR V.P. & CFO (Stephen Franklin)
V.P. REAL ESTATE (Val Clemens)
V.P. OPERATIONS (Dennis Turco)
V.P. & CONTROLLER Robert Tuchband
ASST. V.P. & TREASURER (Art Betz)
ASST. V.P. COMPANY OPERATIONS (Bill Gizzi)
DIRECTOR OF FRANCHISE OPERATIONS (Edward Mangeau)
V.P. PRODUCTS, PURCHASING, R&D (Al Prospero)

***PIONEER TAKE OUT***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $88.8 | $92.1 | $92.6 |
| Revenue (In Millions) | $42.2 | $44.8 | $46.7 |
| Net Profit (In Millions) | $2.1 | $1.0 | $1.5 |
| Average Same Store Sales | $358,800 | $343,200 | $338,000 |
| Average Per Person Check | $3.33 | $3.65 | $3.67 |
| Number of Units | 259 | 272 | 293† |
| % Menu Price Increase | 2.0% | 2.8% | 3.7% |

Source: *NRN* Research **NRN* Estimate

†12 of the 21 units opened in 1983 came on line in December.

**Plans are under way to escalate the 23-year-old fast-food chicken chain's growth rate. President H. R. Kaufman (inset).**

# FOCUS NRN

## SECOND-TIER CHAINS

# *Motivation techniques spur employee momentum*

### CHICK-FIL-A

ATLANTA—Chick-fil-A's unique and highly profitable management incentive programs have helped increase volume by 40% or higher at many of the national fast-food chicken-sandwich chain's 282 units.

Forty-six Chick-fil-A operator/partners recently received free use of a luxury automobile for one year in exchange for having boosted their per-store volume by at least 40% over the previous year. Should they repeat their 1983 sales performance, the cars are theirs to keep. Thus far, company founder and president S. Truett Cathy has given away 53 cars, including two to a manager who increased sales by 40% three years in a row.

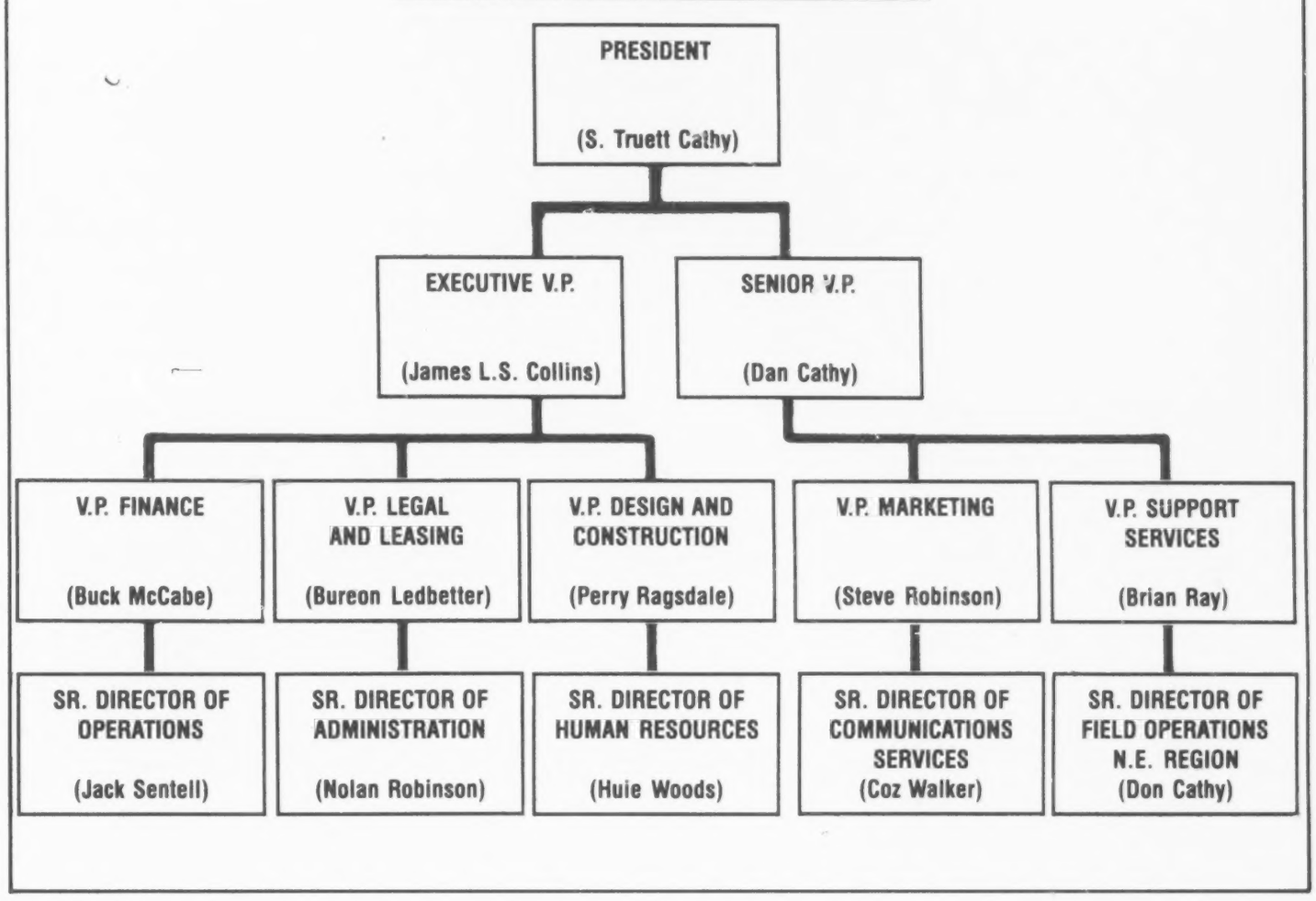
The automobile bonus program is only part of the motivational techniques which have helped Chick-fil-A increase systemwide sales from $103 million in fiscal 1982 to $134 million in fiscal 1983 and an anticipated $165 million during the current year, ending Dec. 31. Average same-store sales also continue to climb, from $421,000 in 1982, to $510,000 last year and an anticipated $571,000 this year.

All of Chick-fil-A's 282 single-unit operators pay a one-time $5,000 joint-venture leasing fee in exchange for $12,000-a-year in guaranteed net income plus half of their store's profit. A typical Chick-fil-A operator earned $40,000 last year and will earn $47,000 this year, according to James Collins, Chick-fil-A's executive vice president. Besides, each year every Chick-fil-A operator and his or her spouse are sent on a week-long working vacation in an exotic locale like Bermuda.

Chick-fil-A's incentive programs extend to labor as well. Cathy presents $1,000 college scholarships to students who maintain C averages and work 20 hours a week for Chick-fil-A two consecutive years. Thus far he has presented more than 1,000 such scholarships, at a cost of $2 million. In addition, Chick-fil-A will this year award 75 $10,000 college scholarships.

"Our incentive programs have helped keep our turnover rate at 6% and our staff turnover even lower. And we've never had to close a store," said Collins.

*THE CHIC-FIL-A ORGANIZATION*




The first Chick-fil-A unit, inspired by the Dwarf House Restaurant, Cathy's single-unit, 24-hour coffeehouse in nearby Hapeville, Ga., opened in 1967.

Today, 278 Chick-fil-A stores are located in regional mall shopping centers in 32 states.

Neither the earth tone decor nor the menu of the 40-seat, 1,800-sq.-ft. prototype stores have changed much since 1969, said Collins. The signature item is still the original boneless breast of chicken sandwich on a hot buttered bun created by Cathy. The sandwich sells in most units for $1.69 and a dozen chicken-filet nuggets for $1.89. The systemwide average per-person check is $2.37.

The growth philosophy of the chain has also remained intact over the years: Slow, cautious, conservative expansion. "We don't stike out until we have good locations and the necessary capital," said Collins. "We're research driven, we don't like to take shots in the dark. Good decisions require good information." The Chick-fil-A research and development department is headed by Dr. William Baran.

Collins anticipates opening approximately 34 new stores this year and next. As regional malls become saturated with fast-food operations, Chick-fil-A searches for alternative sites like strip shopping centers. Cathy is even considering resurrecting his Dwarf House concept.

*CHICK-FIL-A*

(Fiscal Year Ended Dec. 31)

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systems Sales (In Millions) | $103 | $134 | $165 |
| Average Same Store Sales | $421,000 | $510,000 | $571,000 |
| Average Per Person Check | $2.13 | $2.37 | $2.55 |
| Number of Units | 255 | 282 | 315 |
| % Menu Price Increase | 1.48% | 2.35% | 6.33% |

Source: *NRN* Research **NRN* Estimate

# *Seafood and entertainment get high-volume results*

### ANDERSON'S CAJUN WHARF

**By Ken Frydman**

LITTLE ROCK, Ark.—In this city of approximately 325,000 residents, the 350 dining-seat, 200 bar-seat original Anderson's Cajun's Wharf is grossing $4 million and recording 4,000 customer counts a week, making it the highest volume and most heavily trafficked restaurant in the region.

The second prototype Cajun's Wharf, opened in Nashville, Tenn., in 1975, does a similar volume. The chain's first franchised unit, opened in Oklahoma City in 1978, also generated $4 million in sales last year, according to Anderson. He expects all three restaurants to increase sales by $700,000 and net profit from $2.4 million to $2.8 million in fiscal 1983-84.

"We're the top volume individual restaurants in all three markets. We can't say we're not getting our share of the restaurant business in Little Rock, Nashville and Oklahoma City where we draw from 100 miles radiuses," said Anderson, the private company's majority stockholder.

But, with the successes have come a failure for Anderson's Cajun Wharf. The chain closed its Knoxville, Tenn., unit in early 1983, following the 1982 World's Fair there. "The World's Fair killed the city and the area afterwards, but we did well during the fair," Anderson said.

And during the recessions of 1974 and 1981-82, Cajun's Wharf customer counts dipped considerably, corresponding with national retail business trends. "We were, and still are, geared towards high volume, so the recessions really hurt our sales figures," said Anderson. While Cajun Wharf's average per-person check has held steady at $11, the percentage menu price increase has continued to grow by 7.9% annually. Food accounts for 65% of total sales and liquor the remaining 35%.

The Cajun's Wharf stable culinary concept consists primarily of 20 fresh seafood items, like Boston scrod or flounder, prepared 30 different ways, according to Anderson. Entree prices range from $7.95 for fried oyster and catfish dinners to $18.95 for shellfish. The company's own wholly owned subsidiary, a red meat and seafood wholesale operation called Port City Sea Food, supplies all three restaurants. "We have very good connections on the East Coast. We know all the fishermen and the names of their boats," Anderson said.

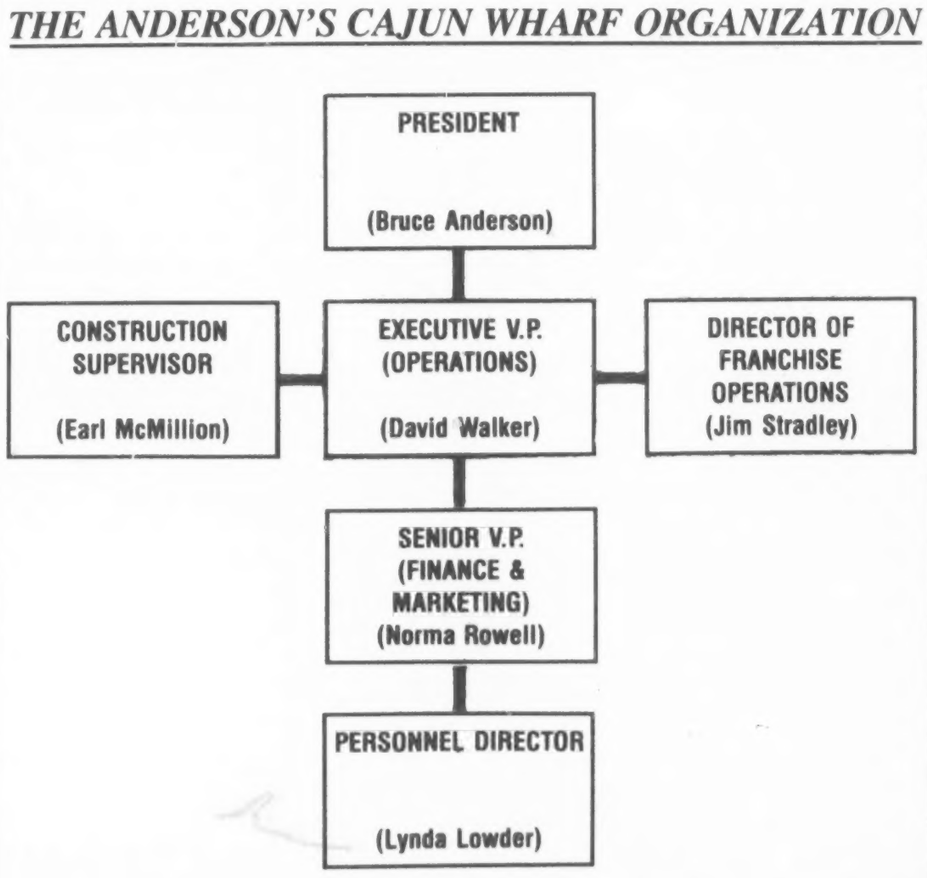
Each unit offers cheesecloth-covered tables, a large stand-up oyster bar, outdoor patio cafes, singing waiters and waitresses, and live show bands and dixieland jazz groups nightly. To coincide with New Orlean's Mardi Gras, the Cajun Wharf's restaurants sponsored costume contests, with two free trips to the annual celebration as grand prizes. "We spend about $250,000 a year on entertainment," said Anderson.

Anderson plans to build two additional Cajun's Wharfs this year, but he won't expand his small corporate management staff or seek outside rollout or financial assistance until he's ready to move smaller regional market niches.

"We've made a tremendous amount of mistakes in the last 10 years like building a distribution center before we had anywhere to distribute to. Now, we feel we're positioned for steadier growth."

In April, Anderson will open a Gonzales and Gertrude's restaurant in Nashville, to go along with the original location in Memphis. The parent company also operates Shorty Small's restaurant in Little Rock.

*THE ANDERSON'S CAJUN WHARF ORGANIZATION*




*ANDERSON'S CAJUN WHARF*

(Fiscal Year Ended March 31)

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $10.0 | $12.0 | $14.0 |
| Net Profit (In Millions) | $2.0 | $2.4 | $2.8 |
| Average Same Store Sales (In Millions) | $3.3 | $4.0 | $4.7 |
| Average Per Person Check | | $11 | $12 |
| Number of Units | 2 | 3 | 5 |
| % Menu Price Increase | | 7.9% | 7.9% |

Source: *NRN* Research **NRN* Estimate

# FOCUS NRN

## SECOND-TIER CHAINS

# *Distinctive, casual, European, but never 'big'*

**RITZ CARLTON**

**By Joe Edwards**

ATLANTA—The eight-month-old Ritz-Carlton Hotel Company has set out to open what officials describe as a small group of distinctive hotels that combine European traditions of excellence with a casual, unpretentious American ambience.

There are two company hotels operating in Boston and suburban Atlanta and three licensed properties in New York, Chicago and Washington. A second Atlanta hotel opens this month on a downtown site across from the new Georgia-Pacific Tower.

Ritz-Carlton's first resort-hotel on a beachfront site in Laguna-Niguel Beach, Calif., is scheduled to open in June and ground will be broken later this month for a resort-hotel in Naples, Fla. Officials say there will be 15 Ritz-Carlton hotels by the end of 1988.

While not intended to compete in size with large hotel chains, Ritz-Carlton is trying to make a splash in selected markets by emphasizing quality and personalized service, according to several officials.

"We'll never be a big hotel company and we'll never run big hotels," declares Brent Christie, corporate food and beverage director. He identifies Ritz-Carlton's main competition as Four Seasons, Rosewood Hotels and some small independents.

Food service is playing an important role in Ritz-Carlton's strategy. Two main goals are gaining a share of the local restaurant and banquet market and attracting individual business travellers as guests. Ritz-Carlton hotels do not solicit convention business.

Before writing the menus for the two restaurants at the just-opened Ritz-Carlton in the Atlanta suburb of Buckhead, food and beverage officials conducted their own informal research into the local market.

What they found, according to Christie, were sophisticated residents and international travellers, a large number of quality restaurants and diverse culinary influences that included, but were not limited to, Southern regional and Creole food.

"We listened to what was going on and we asked a lot of questions but primarily we went to virtually every restaurant in the city and evaluated what they were doing," Christie recalls. "There are a lot of very good restaurants in Atlanta and it was easy to see what was popular."

When it came time to making decisions, Christie and his staff took some of the city's most popular dishes and "incorporated with them what is going on in Europe and what people like Alice Waters and Wolfgang Puck are doing on the West Coast."

Waters, chef-owner of Chez Panisse in Berkeley, Calif., and Puck, chef-owner of Spago and Chinois in Los Angeles, are leading practitioners of what is referred to as the new California or new American cuisine, which is based on fresh, native ingredients.

These influences can be seen on the menus at the two restaurants at the Ritz-Carlton in Buckhead, which are traditional enough to serve grilled swordfish, trendy enough to cook the swordfish over mesquite wood and innovative enough to feature such dishes as grilled calamari with fennel, lamb medallions on eggplant slices with tomato and basil sauce and veal in watercress sauce with mousse of shrimp.

"Atlantans like to experiment," Christie says. "It's an interesting city. There are a lot of northerners moving here and it's also a very international city. With that mix, we're finding a great acceptance with what we're doing."

As part of their strategy, Ritz-Carlton officials believe it is "essential to stay with tradition but we want to be innovators in our own way," Christie says. "In putting together menus, the foundation was classical but we incorporated American cuisine and a spinoff of the California cuisine using native American products."

Ritz-Carlton at Buckhead is a 583-room hotel with a 180-seat all-day restaurant called The Cafe and a 76-seat tablecloth restaurant called The Dining Room serving lunch and dinner. There are also several lounges and banquet rooms.

The Cafe, which reports a $14 average per-person food check at dinner, a $9 check at lunch and a $7 check at breakfast, was designed as an upscale, traditional restaurant with a contemporary flair, Christie says.

Menu items include calamari and fennel, tofu sandwiches, fresh chicken breast grilled with a mustard seed sauce, fresh smoked turkey breast and a spinach and hot goat cheese salad with walnut oil dressing. There is an imported beer list and champagne and wine

The 76-seat Dining Room, whose average checks are a bit steeper—$34 at dinner for food only and $16 at lunch—grills fresh fish over mesquite wood and also features American game dishes, including roast loin of wild boar with juniper berries. The restaurant makes its own seafood sausage, ice cream, sorbets and fresh fruit mousses.

As Ritz-Carlton opens new hotels it will adjust menus and decor to fit its markets. Most hotels will have a Cafe and Dining Room. The resort-hotel in California will feature classic Asian, American and Italian food in its tablecloth restaurant and The Cafe will have what Christie calls "a heavy California influence with a lot of fresh fruits, fresh seafood and native American products."

"We won't be a cookie cutter operation," Christie says. "We'll be in synch with the area we're involved in. We have to maintain the tradition one would expect in a Ritz-Carlton Hotel."

Deciding price points for the restaurants at the Buckhead property was difficult, Christie recalls, because "we felt that regardless of our name we had to earn the right to charge more. Our intent was not to come across as snobbish but as reasonable and competitive."

Christic projects $10 million food and beverage sales at the Ritz-Carlton in Buckhead during its first year, with about 40% of the total coming from banquets.

The Ritz-Carlton Hotel Company is a division of W. B. Johnson Properties, an Atlanta-based real estate management and development company whose holdings include franchised chain hotels and Waffle House coffee shops.

W. B. Johnson Properties, a privately held company, was in the process of developing a new chain of upscale hotels called Monarch Hotels when it acquired the stately Ritz-Carlton Hotel in Boston last June.

As part of the deal, Johnson Properties assumed the North American licensing rights to the prestigious Ritz-Carlton name. The company changed the name of its Monarch division to the Ritz-Carlton Hotel Company.

Colgate Holmes

The Ritz-Carlton Buckhead, opened this past January.

At the time, Four Seasons Hotels and John B. Coleman & Co. were paying annual fees to the owners of the Ritz-Carlton Hotel in Boston for the rights to use the Ritz-Carlton name on their hotels. Four Seasons operates a Ritz-Carlton in Chicago and John B. Coleman & Co. operates Ritz-Carlton hotels in New York and Washington. Both companies are now licensees of Johnson's Ritz-Carlton Hotel Co.

A third company-owned Ritz-Carlton Hotel opens in downtown Atlanta later this month. It will have 472 rooms and food and beverage service that is similar to that at the Buckhead property.

William Johnson, chairman of Johnson Properties, last year hired Colgate Holmes, former president of Hyatt International, as president of his new hotel company.

Holmes recruited a former colleague, Horst Schulze, formerly food and beverage vice president at Hyatt, as corporate executive vice president of operations and general manager of the Ritz-Carlton in Buckhead.

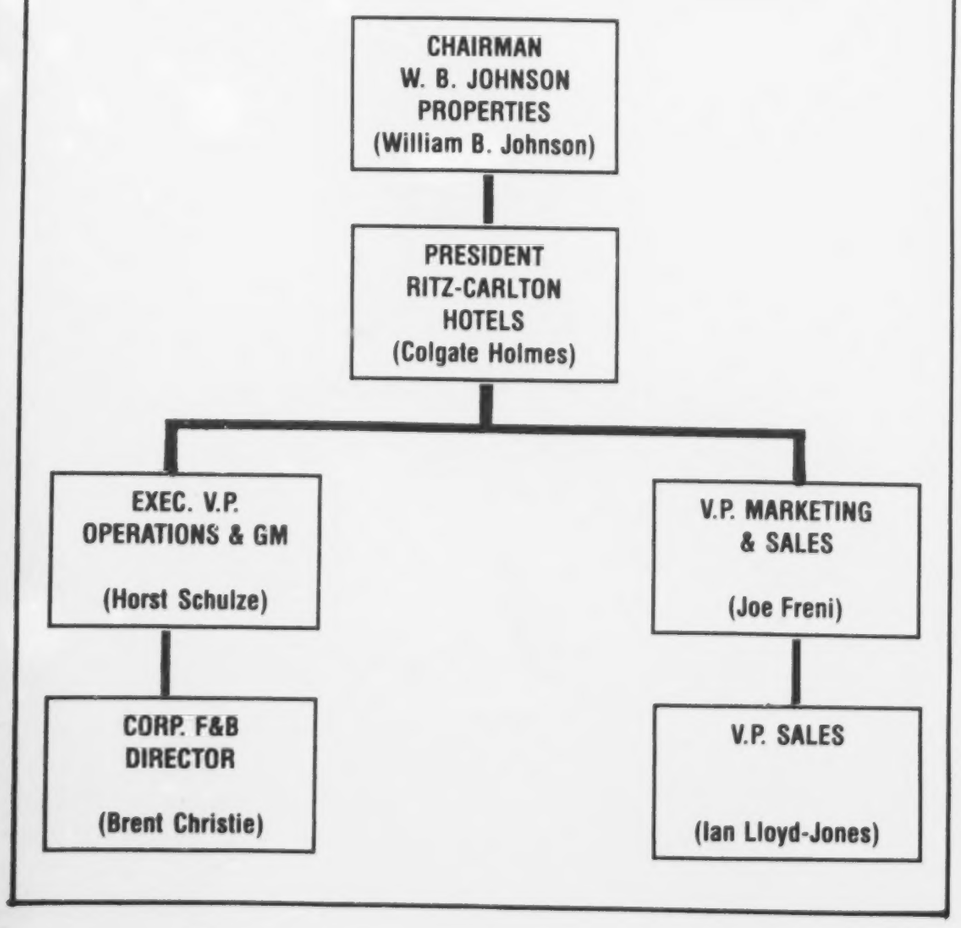
Christie is also a Hyatt veteran, having supervised food and beverage operations at that chain's Texas hotels. Other top officials at Ritz-Carlton include Joe Freni, formerly of Omni International, who is corporate vice president of marketing and sales, and Ian Lloyd-Jones, formerly of Vista International, who is vice president of sales.

Christie says Ritz-Carlton, with its management team in place, doesn't intend "to go outside much longer for staffing. We feel we've assembled a good core of talented individuals and we'll be seeing a lot of promotion from within."

Ritz-Carlton officials are fond of noting that the company's goal is to operate hotels for the long term. "We want to create a great company that makes money through quality, not money through managing each dollar before we get it," Schulze explained in an interview last year. "We won't put a squeeze on a property if we get a bad month. Our philosophy is more long range."

To that end, W. B. Johnson has decided to retain at least 50% equity in each hotel it builds. "That gives us more control than companies that just manage properties for others," Christie says. "We believe quality will endure. We sincerely believe in doing it right, in maintaining quality and consistency."

***THE RITZ-CARLTON ORGANIZATION***



FOCUS NRN

SECOND-TIER CHAINS

# 40's decor, stylish menu propels growth in the 80's

## G. D. RITZY'S

**By Rick Telberg**

COLUMBUS, Ohio—G. D. Ritzy's is charting explosive expansion with a formula based on freshly grilled burgers and rich ice creams served in a 1940's malt shop setting.

The 3½-year-old company is challenging the industry giants with a rapid growth rate and attention-grabbing innovation.

"We're the first of the specialty fast-food concepts," declares Graydon Webb, the 35-year-old founder, chairman and chief executive. "We're blending fast food with upscale burgers."

Ritzy's target market is the baby-boom generation which grew up on McDonald's and Kentucky Fried Chicken, but now demands a stylish departure in food and ambience.

Ritzy's finished fiscal 1983 in December with a deficit of $809,000, trimmed from a $993,000 net loss in 1982. Year-long revenue was up, however, to $9 million, a 201% gain from the year before.

There were 58 outlets open, 32 of them franchised. By the end of this year, there could well be 160 restaurants as franchisees build 75 more.

Webb has gathered a crew of disaffected Wendy's executives, many of whom were in on the earliest days of Wendy's triumphs. That group is balanced by three top executives with deep experience in operating large organizations.

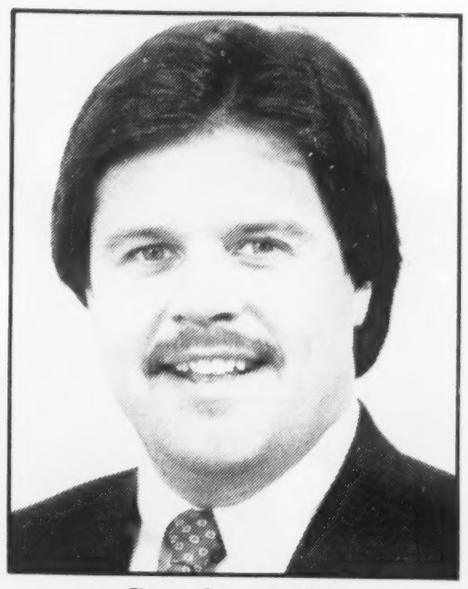
The company was nursed to life by venture capital from the Ohio state pension fund and two public offerings. In the close-knit Columbus restaurant scene reports persist that Wendy's has more than a passing interest in Ritzy's, though both teams deny it.

The prototype 60-seat free-standing unit, which measures a compact 1,500 sq. ft. is grossing an average about $600,000 a year. That's low, but on an initial outlay of $500,000 there is plenty of room for margins.

The ambience is "generic nostalgia," according to marketing vice president Thomas Santor. "Everybody's been into a G. D. Ritzy's at one time or another, only they never noticed it," Santor says.

With white-tiled floors, marbled formica counter tops, art deco styling and artifacts of the 1940's and 1950's such as teardrop-shaped Seeburg speakers and enamel-plated soft drink signs, a G. D. Ritzy's restaurant evokes a startling sense of the kitschy American roadside diner.

The chain is one of the newest incarnations of the fast-food format that caters to a fad-conscious clientele.



Graydon Webb

But where the new breed of fast-service upscale burger concepts woos with liquor, G. D. Ritzy's offers superpremium ice cream.

Now pulling about 40% of sales, ice cream smooths out the day for G. D. Ritzy's, luring half of the operation's traffic in the normally torpid midafternoons and late evenings.

Ice cream also dramatically boosts customer frequency rates, drawing the diner back six to seven times a month. By comparison, McDonald's wins four visits a month and Wendy's and Burger King do about three.

Ice cream also adds a second potential cash cow. In several Columbus supermarkets, Ritzy's pints are outselling Häagen-Dazs 2-to-1. Executives are considering licensing the name for candies and other desserts.

Ice cream builds the check average, too. After the $3 food and drink bill, customers queue up for a $1 cone or milkshake tab. Averaged together, checks run about $3.15.

The menu is anchored by burgers which gobble a 22% share of sales. Natural-casing hotdogs, called Coneys, take 15% and chili takes about 6%.

A signature peanut-butter-and-jelly sandwich, which comes with sliced fresh strawberries and crushed peanuts, completes the image of all-American food, though PB&J's account for a negligible slice of sales.

Burgers made from 3-oz. plugs are smashed onto a hot 350° grill for 90 seconds until the edges are seared to a caramelized char. They are closest in inspiration, Webb admits, to Steak n Shake's mainline offering.

A step-saving kitchen layout holds down construction costs and merchandises the menu with open-to-view cooking. But it can get cramped and hot, especially at peak periods. The aisles on either side of the two-sided grill are a narrow 32 inches.

But diners see the burger or hotdog they ordered slapped onto the grill and never lose sight of it as it moves down the line to their plates.

"Our customers call it 'hand-crafting,'" Santor says. "They see the burger put on the grill when they order and they say to themselves: 'That one's for me.'"

Investors seem to be saying "that's for me" as well. Franchisees have signed up to build over 700 units in the next 10 years.

"The reason is return on investment," says George Banning, an early financial angel for G. D. Ritzy's who now sits on the company's board. "I can do less volume and still make money because it costs me less than $400,000 to build."

G. D. Ritzy's strategic planners changed their development plan in mid-1983, scrapping plans to grow concentrically for a hop-scotching "key market" assault.

Franchises, of course, are easier to sell that way. But, also, the concept's low investment means a new market can be saturated quickly, obviating the need to win advertising efficiencies step-by-step.

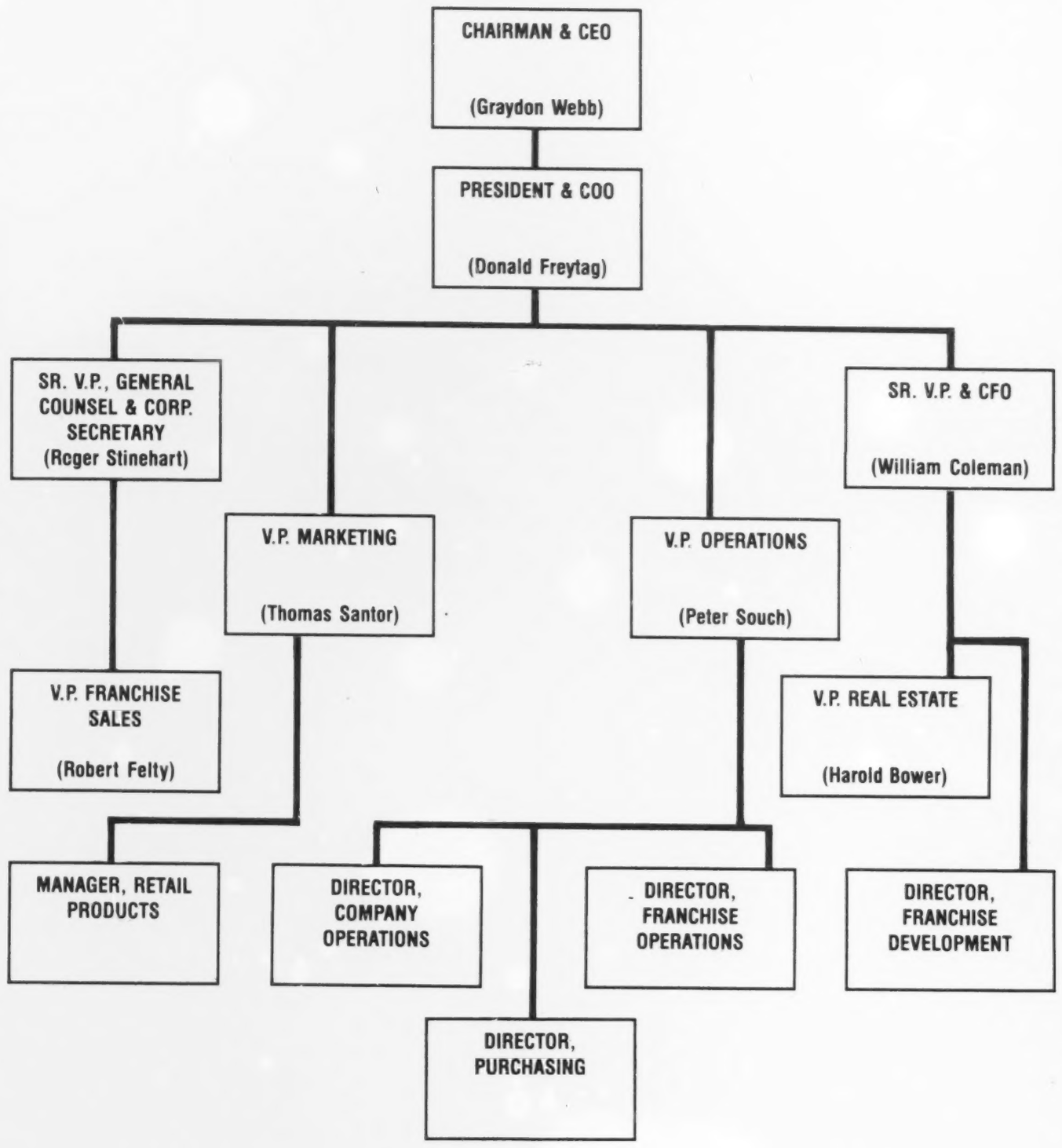
Research and development efforts are taking aim at the concept's male-skewed clientele. Vegetable dishes such as broccoli and cauliflower in steamed butter or cheese sauce are in test.

"It takes 90 seconds to cook a burger," Santor says. "We're trying to figure out what we can serve in that time."

One store is also testing a new price system for the ice cream line. Currently it is a two-tier system: Traditional flavors are termed "select" while more exotic flavors such as butter-pecan-cashew "elite" brands are priced at about 10¢ more. The experiment tests whether it's better just to average the price of the two lines.

G. D. Ritzy's has the equipment to expand into breakfast eventually, but there is little room left in the kitchens to add new hardware. Baked potatoes, for instance, are out of the question since they would require convection ovens.

### THE G. D. RITZY'S ORGANIZATION




### G. D. RITZY'S

(Fiscal Year Ended December)

| | 1981 | 1982 | 1983 | 1984* |
|---|---|---|---|---|
| Systemwide Sales | $593,000 | $2.99M | $13.1M | $40.0M |
| Net Profit (Loss) | ($376,000) | ($993,000) | ($809,000) | $2.0M |
| Average Same Store Sales | | | $600,000 | $650,000 |
| Average Per Person Check | $2.90 | $3.10 | $3.15 | $3.15 |
| Number of Units | 4 | 10 | 58 | 160 |
| % Menu Price Increase | | | 6.0% | |

Source: *NRN* research

**NRN* Estimate

**With 58 G. D. Ritzy's units currently open, there is the possibility the company will open 100 more by the end of 1984.**

# FOCUS NRN

## SECOND-TIER CHAINS

# *Higher-profit buffet restaurants prime component of growth plans*

**PANCHO'S**

FORT WORTH—Pancho's Mexican Buffet, operator of three Mexican-style restaurant concepts, is gearing investment cash and management development to back evolution of its higher-profit Pancho's buffet restaurants, while holding the reins tight on two full-service concepts.

At present the Fort Worth-based company operates in the Sunbelt 29 Pancho's Mexican Buffets, three Spanish Galleon seafood restaurants, and two Emiliano's upscale Mexican restaurants. Company officials said they hope to open four to six Pancho's this year and 20 in the next three years.

Other elements of the plan, company president and chief executive officer Hollis Taylor said are expansion of warehouse and cold storage facilities to handle four times the present volume, an aggressive search to hire competent supervisory personnel at the unit level, expansion and remodeling of corporate headquarters and construction of new units according to two new prototypes for store design.

The design now being implemented is for a shopping center space. It is quite different from the older Pancho's units, Taylor said, being much brighter, smaller and airier. Average size is 6,000 sq. ft. The other design is for a freestanding building.

Most of Pancho's growth will be fueled by cash flow. Taylor said bank financing was available and sales leasebacks might be tried. As a backup, the company, which has been public since 1969, could make another stock offering.

"We look at stock offerings periodically," Taylor said. "This year we looked at it strongly but didn't elect to do it. We'll finance short-term out of cash."

In the first quarter this year, ended Dec. 31, Pancho's posted net profit of $206,199, a 20% increase over last year, on revenue totaling $6.9 million, a 16% jump. Long-term debt had more than doubled to $681,025 from the previous quarter, and working capital had increased 44% to $248,223.

Although volumes are higher at the Spanish Galleon and Emiliano's restaurants, profits are made at the Pancho's. Taylor said Pancho's represent a "unique groove" in food service, somewhere in between fast-food and sit-down service." They are set up like cafeterias but some other services are provided: waitresses bring refills, bread and other extras and checks.

Pancho's most popular item—the one which it promotes most heavily—is its $3.99 all-you-can-eat meal. (A similar offer for children ages 6 to 12 is $1.99 and children aged 5 and under eat free.) The most recent menu addition was a taco salad, a light meal to build lunchtime traffic, for about $1.99. The average per-person check is $4.25, including drinks. Food costs range between 27% and 29% of sales.

Demographic studies show that the Pancho's customer is a blue-collar or younger white-collar worker, often with a family. According to Taylor, the customer counts are up. Stores are targeted toward high-density, suburban areas.

***PANCHO'S MEXICAN BUFFETS***

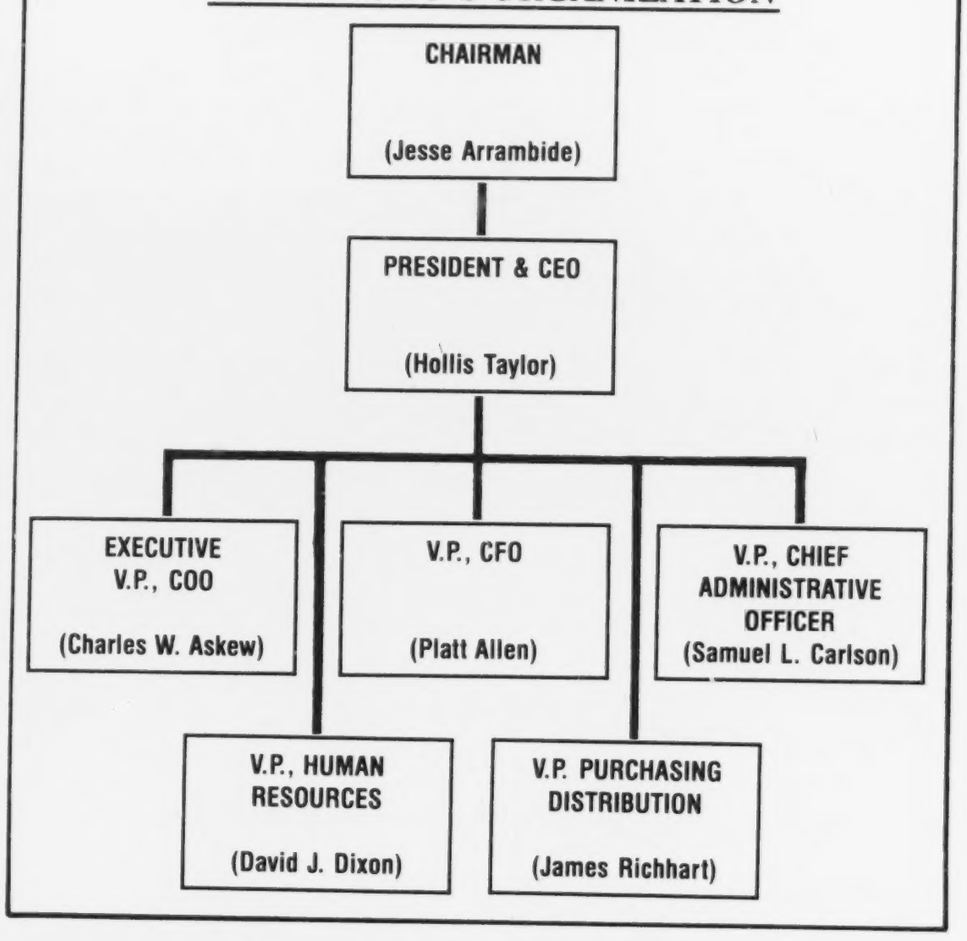
**(Fiscal Year Ended Sept. 30)**

| | 1981 | 1982 | 1983 |
|---|---|---|---|
| **Sales (In Millions)** | $21.6 | $24.2 | $25.3 |
| **Average Unit Volume*** | $666,000 | $726,000 | $775,000 |
| **Average Per Person Check*** | $3.70 | $3.80 | $4.00 |
| **Net Profit** | $631,000 | $827,000 | $1,164,000 |
| **Number of Units** | 28 | 28 | 34 |
| **% Menu Price Increase*** | 2.7% | 5.5% | 5.2% |

Source: *NRN* Research

*Figures refer to Pancho's Mexican Buffet restaurants only

***THE PANCHO'S ORGANIZATION***

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# *Deep dish in hand, Rocky Rococo targets 200% growth rate for 1985*

**ROCKY ROCOCO**

MADISON, Wis.—Wayne Mosley, chief operating officer of the 23-unit Rocky Rococo pizza chain, and partner-chairman Roger Brown started 10 years ago with the introduction of Chicago-style deep-dish pan pizza to this university community.

From these initial college-based demographics, they are now set to expand in a four-state Midwestern area (Wisconsin, Illinois, Iowa and Minnesota). By the end of the fiscal year in March 1985, they hope to have added 43 stores to the system.

Rocky Rococo still offers only deep-dish pizza, but with six toppings and two crusts—whole wheat or white dough. Pie prices range from $3.50 to $11.50.

Forty-five per cent of total sales are registered before 5 p.m. That is primarily due to heavy demand for slices, priced from $1.25 to $1.49. Besides beer and soft drinks the only other regular menu item is the 22-ingredient salad bar ($1.39 with another purchase, $1.69 for a single serving, and $2.49 for all you can eat). Sandwiches are in test. Delivery accounts for 13% of business and sit-down dining for 70%.

Because so much of the chain's business is at lunchtime, pricing tends to be driven by the meal part as well as by market area. Prices are designed to be competitive with the hamburger chains, since Mosley feels they are the biggest competitors at lunch. Prices for whole pizzas are more market-driven and are set below those of the major chains. An average check is $3.17—lower than many pizza chains because of the large traffic in slices. Food costs are maintained at about 32.5% of sales. Because of stability in costs, menu prices went up only 2.5% this year.

Systemwide sales for the fiscal year ended this month were $12.2 million.

Discounts on menu items are given thorough direct-mail promotions to stimulate trial, but Mosley says the chain tries to limit the amount of dealing to under 10% of sales.

At present only three of the chain's 23 units are franchised, but executives are aiming for an 80%-to-20% franchised store/company store ratio. Of the 43 units expected to be added in the next 12 months, 32 would be franchised.

Three franchise companies are operating stores now, and four others have been signed up. One franchisee recently made a private placement of stock. Sale leasebacks and bank

*(Continued on page 145)*

***ROCKY ROCOCO***

**(Fiscal Year Ended March 31)**

| | 1983 | 1984 | 1985* |
|---|---|---|---|
| **Systemwide Sales (In Millions)** | $7.5 | $12.2 | $26.9 |
| **Average Same Store Sales (Units Open 1 Yr.)** | $596,884 | $683,867 | $724,478 |
| **Number of Units** | 11 | 23 | 66 |
| **Average Per Person Check** | $3.09 | $3.17 | $3.21 |
| **% Menu Price Increase** | 5.5% | 2.5% | 2.5% |

Source: *NRN* Research

*Projected

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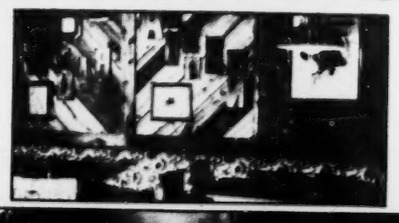

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# FOCUS NRN

## SECOND-TIER CHAINS

# *New fall product rollout could inflate flat counts*

**NOBLE ROMAN**

**By Don Jeffrey**

BLOOMINGTON, Ind.—With its customer count trend flat during one of the worst winters to strike the American heartland, Noble Roman's pizza chain is looking forward to the introduction of a new product in the fall to move the curve up again.

Although the company won't disclose what that product will be, Noble Roman's is clearly hoping that it will provide the big new burst in sales that the introduction of its heavy-on-the-toppings Monster pizza provided during the depths of the recession several years ago.

Meanwhile, this 78-unit chain is proceeding with an ambitious growth plan: 16 new company-owned and 40 new franchised units by year's end. Target markets are in 10 Midwestern states and Florida.

Growth has been fueled by two public stock offerings since December 1982. Money raised there plus income generated from profits takes care of company-store expansion needs.

Spiro Athanas, marketing vice president, said the company has not had to seek out top rollout executives for the implementation of its growth plan because its own executive staff is mature and stable. A stock-option plan was just initiated for top executives and bonus plans have been in effect down to the unit manager level.

Noble Roman, for this year at least, is not straying too far out of its Midwestern orbit. Its emphasis is on market penetration, as it has now in an area such as Dayton. Penetration leads to the high exposure TV advertising Athanas said is necessary for top-of-the-line awareness. Sales went up 30% in Dayton in a year because of advertising, he said.

The chain started in 1969 in the college town of Bloomington, where students and townies were served deep-dish Sicilian pizzas and regular thin-crust pizzas hand-tossed by founder and now chairman Stephen Huse. In 1980 the round Monster, with three times the normal amount cheese, was added.

A sample of pizza products and prices: Hand-tossed 10-in., cheese only, $3.58, one topping, $4.62; hand-tossed 14-in., cheese, $6.78, one topping, $8.19; monster 10-in., add $1.49 to regular price, 14-in., add $1.99; Sicilian 8- by 10-in., $5.19 with cheese, $6.51 with another topping, Sicilian 10- by 12-in., $8.31 with cheese, $10.15 with another topping. An average check is about $7.50.

Prices are determined by a mix of the one- and two-topping pizzas. Those are priced for profitability. Value prices are set on the special pizzas or the ones with several toppings. Cost and market pressures bear on pricing but Athanas said the chain is "cautious about raising prices" because of "some price resistance" since 1980.

Pizza accounts for about 80% of food sales, salad bar close to 8%, bread sticks (pizza dough with a spicy cheese dip), 8% and sandwiches and pastas, about 4%.

Since 1978 Noble Roman has had a small lunchtime pizza for one person. Athanas said Pizza Hut's recent rollout of its lunch product Personal Pan Pizza has helped sales in his units because Pizza Hut's generic advertising has boosted awareness of pizza as a lunchtime alternative. Noble Roman, unlike Pizza Hut, offers all three kinds of pizza in the individual size. Lunch accounts for 27% to 30% of sales.

The new product set for the fall will likely be tested in Noble Roman's three flagship stores in Bloomington. Tests gener-

*(Continued on page 146)*

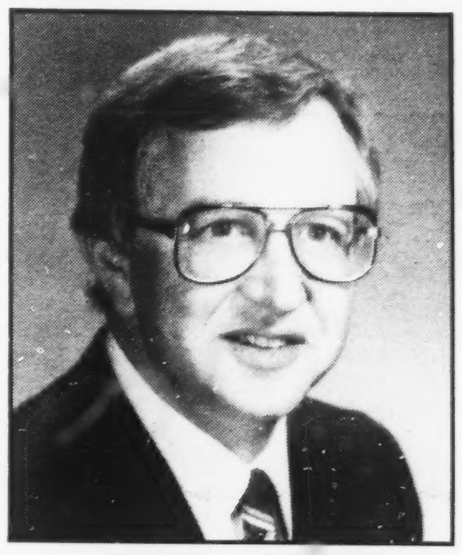
***NOBLE ROMAN'S***

**(Fiscal Year Ended Dec. 31)**

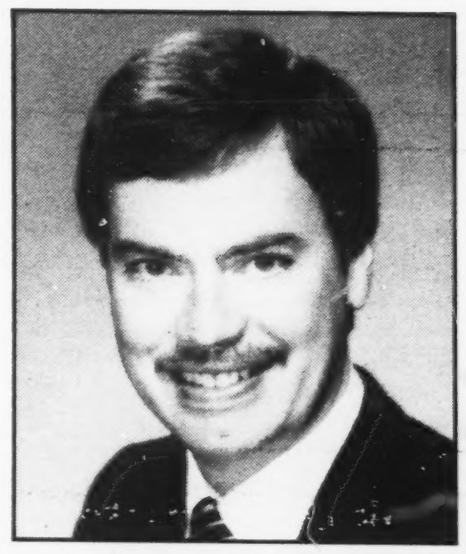
| | 1981 | 1982 | 1983 |
|---|---|---|---|
| **Systemwide Sales (In Millions)** | $24.0 | $25.5 | $29.0 |
| **Net Profit** | $316,000 | $295,000 | $350,000* |
| **Average Unit Volume** | $479,000 | $458,000 | $455,000 |
| **Company Revenues (In Millions)** | $9.0 | $10.0 | $11.7 |
| **Average Check** | $6.90 | $7.00 | $7.50 |
| **Number of Units** | 55 | 58 | 78 |

Source: *NRN* Research

*Estimated

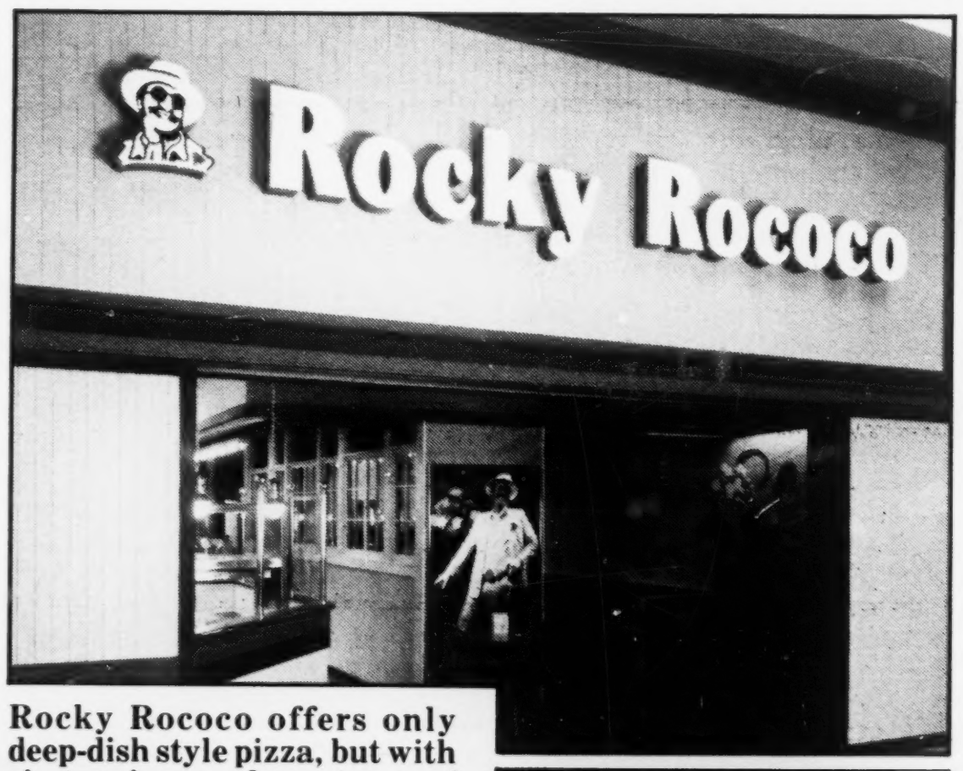


**Paul W. Mobley**
*president, ceo*

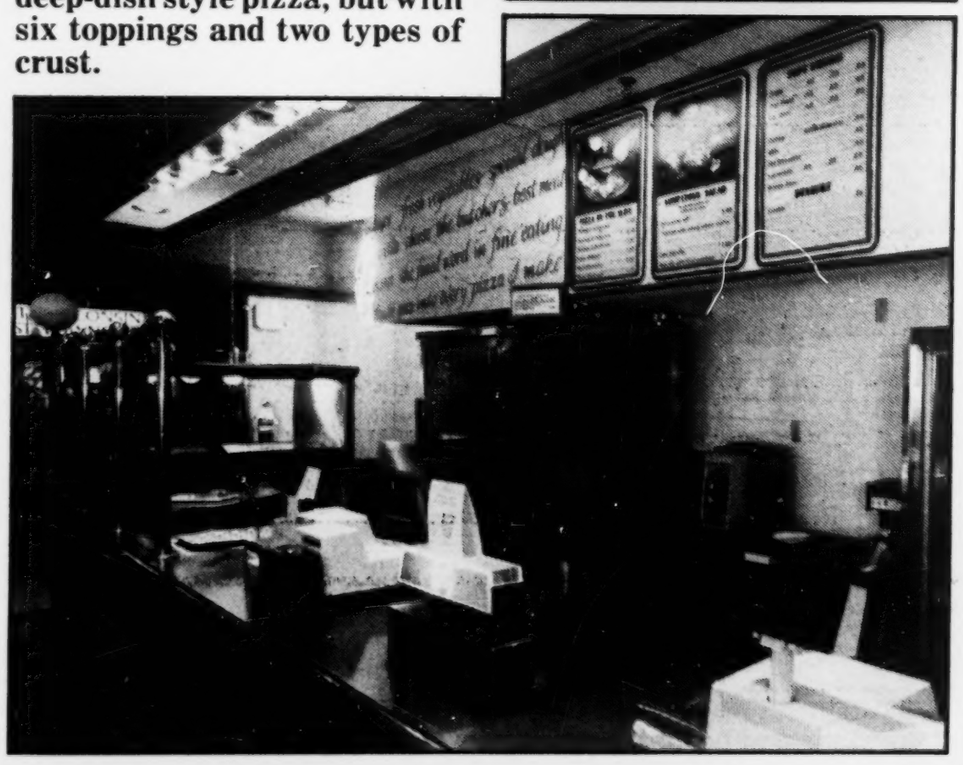


**Stephen M. Huse**
*founder, chairman*

**Noble Roman's 7-in. Lite Size pizza has helped the chain improve lunch sales, now averaging 27% to 30% of sales.**




**Rocky Rococo offers only deep-dish style pizza, but with six toppings and two types of crust.**



# *Target: 43 new stores by March '85*

**ROCKY ROCOCO**

*(Continued from page 144)*

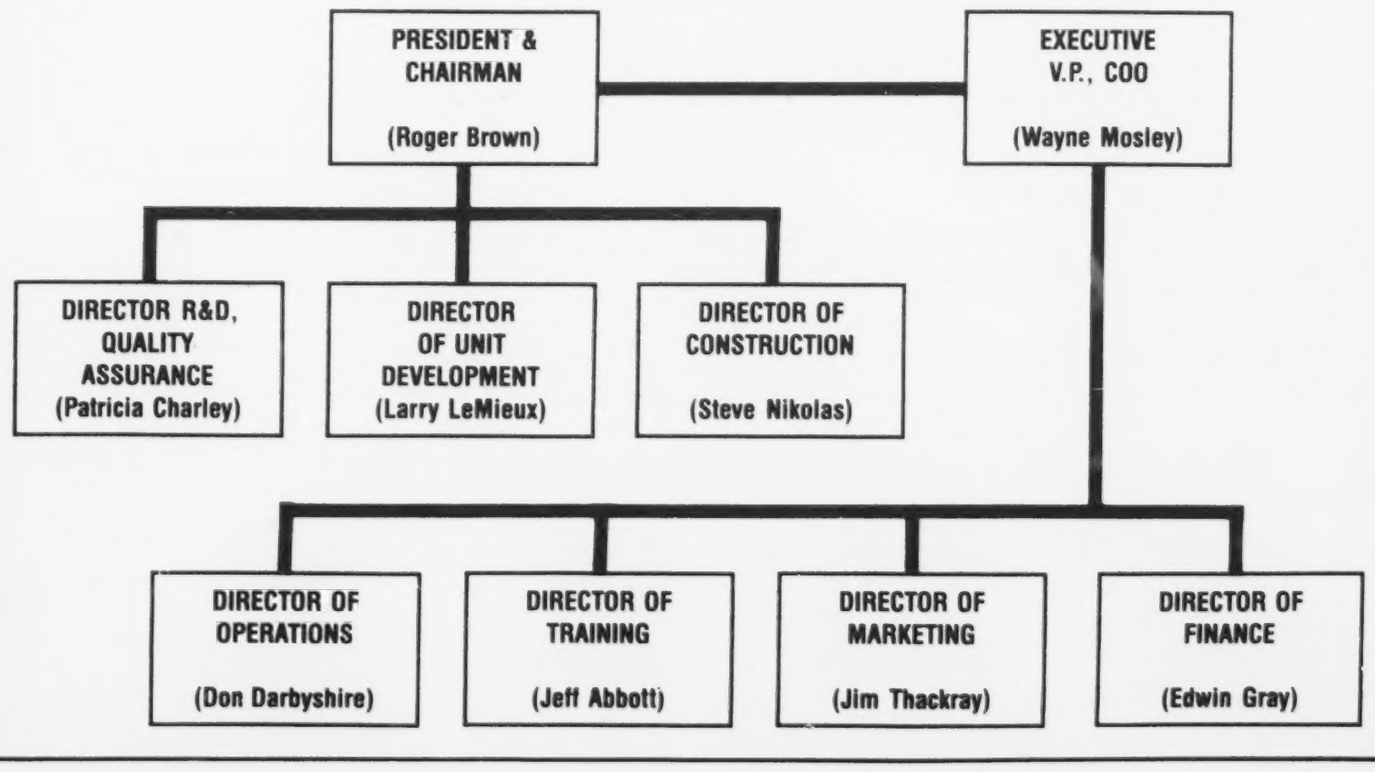
financing are anticipated means by which franchisees will develop territories. Mosley says company-store growth will be fueled in good measure from profits. He says going public is an "alternative" but that there is no plan to do so now. Continued profitability and an aggressive territorial approach to franchising, he believes, will keep growth at its projected high rate.

To guide that growth, Rocky Rococo has hired executives who will focus on unit development. In an unusual step for such a small chain it has recruited four professionals in the fields of construction and real estate who will be available to assist franchisees.

Distribution is not expected to present problems as the chain triples in size this year. Mosley says the philosophy on distribution is to "keep it as simple as you can." He says the chain has benefited from an 8½-year relationship with one distributor. Franchisees will be encouraged to use the company's increasing purchasing power.

Mosley, a 37-year-old law school graduate, and Brown, a 36-year-old economics major, were at the University of Illinois when they decided to be partners in the pizza business.

***THE ROCKY ROCOCO ORGANIZATION***



FOCUS NRN

SECOND-TIER CHAINS

# Fat profit potential seen in reduced-calorie fare

**D'LITES**

ATLANTA—D'Lites of America intends to keep hammering away at the market and menu niches it began to carve out in 1981—nutritious, reduced-calorie fare served to traditional fast-food customers eager for an alternative to the standard hamburger and french fries.

The privately held, six-unit chain should grow to 60 stores, primarily in the Southeast, this year, said D'Lites founder and chairman Douglas Sheley, a former franchisee of 18 Wendy's stores in Knoxville, Tenn.

Since opening on Atlanta's Peachtree Road in December 1981, the D'Lites pilot unit has taken a substantial bite out of McDonald's, Wendy's and Burger King's combined local market share and volume, Sheley claims.

The prototype 112-seat, 3,000-sq.-ft. freestanding unit is generating $1.2 million in annual sales, while the second store, opened in November 1982 on Savoy Drive in North DeKalb, produced in excess of $1.1 million in fiscal 1983. Systemwide pretax profits are running at 20% to 21%, while food costs average 32% of sales and labor costs 20% of sales. The average per-person check is slightly under $3.

"Our first store is located on a business district strip next to the high-volume, fast-food chains, and our combined sales continue to increase by more than 20% over the preceding year," said Sheley.

The combination of an exciting, fast-growing concept for the 1980's coupled with generous management and labor compensation plans has been attracting qualified multiunit franchise operators and capable employees, according to Sheley. "We've tried to break down the division between management and labor by making everyone partners," he said. "We divide up 4% of profits among our management staff on a per-store basis, and our base pay is one of the highest in fast food because our volumes are so high."

The heart of the D'Lites concept is its menu, high in nutrition and protein and low in calories, saturated fats, carbohydrates and cholesterols. For instance, D'Lites offers lean ground beef on high-fiber buns. The ground chuck contains 20% fat, compared to the 25% to 30% fat content of a normal hamburger. The white or whole wheat multigrain buns contain 25% fewer calories than regular buns.

The standard D'Lites item has 150 to 200 fewer calories than the fast-food competition's; the typical D'Lites meal contains 400 to 500 fewer calories. "People are more nutrition, weight and health-conscious today. D'Lites is positioned to be to the fast-food industry what light beers are to the beer industry," claimed Sheley.

D'Lites "lite" menu selections also include chicken breast and fish fillet sandwiches ($1.69 and $1.49 respectively), a 97% lean hot ham 'n' lite cheese sandwich ($1.79), a vegetarian sandwich served in whole wheat pocket bread ($1.49), an all-natural salad bar ($2.29), "lite" soup ($1.14), and a frozen dairy dessert with 40% fewer calories and 75% less cholesterol than ice cream (89¢). D'Lites "lite" cheese and mayonnaise contain 50% fewer calories than the full-calorie versions.

A calorie-counter chart on the D'Lites menu lists the amount of calories, carbohydrates, fat, protein and vitamins in each dish. A calorie comparison chart documents the calorie intake differential between D'Lites fast-food meals and those of the competition.

After researching consumer demands, D'Lites is considering adding "lite" breakfast offerings and several new entree items like Chicken Italiano and Chicken Parmesan to its lunch and dinner menu mix. "We're trying to disguise current menu items and turn them into entrees in order to cut into the roadside diner business we're losing," said Sheley. D'Lites is experiencing 800 to 900 daily customer counts per unit, a 15% increase over last year, according to Sheley.

Despite its concentration on reduced calorie items, D'Lites doesn't overlook the fast-food purist. "You can order baked potatoes or french fries, sparkling apple juice, regular or sugar-free soda and "lite" or regular salad dressings," said Sheley. "We give our customers many alternatives and reasonable choices." D'Lites target customer is a 30- to 40-year-old upscale junior executive in the $25,000 to $40,000 income range, a baby-boomer who's outgrown traditional fast food.

"To determine our price points, we look at industry averages," said Sheley. "Right now, we're selling only about 25% hamburgers, 9% chicken, 3% fish, 3% vegetarian sandwich and 4% ham. The chicken, ham, vegetable and fish dishes help dilute our food costs.

"It's very difficult to keep decent food costs with a limited food concept of hamburger, french fries and soda. Soon, all the major fast-food chains will have to address the trend toward nutritional, low-calorie fast food."

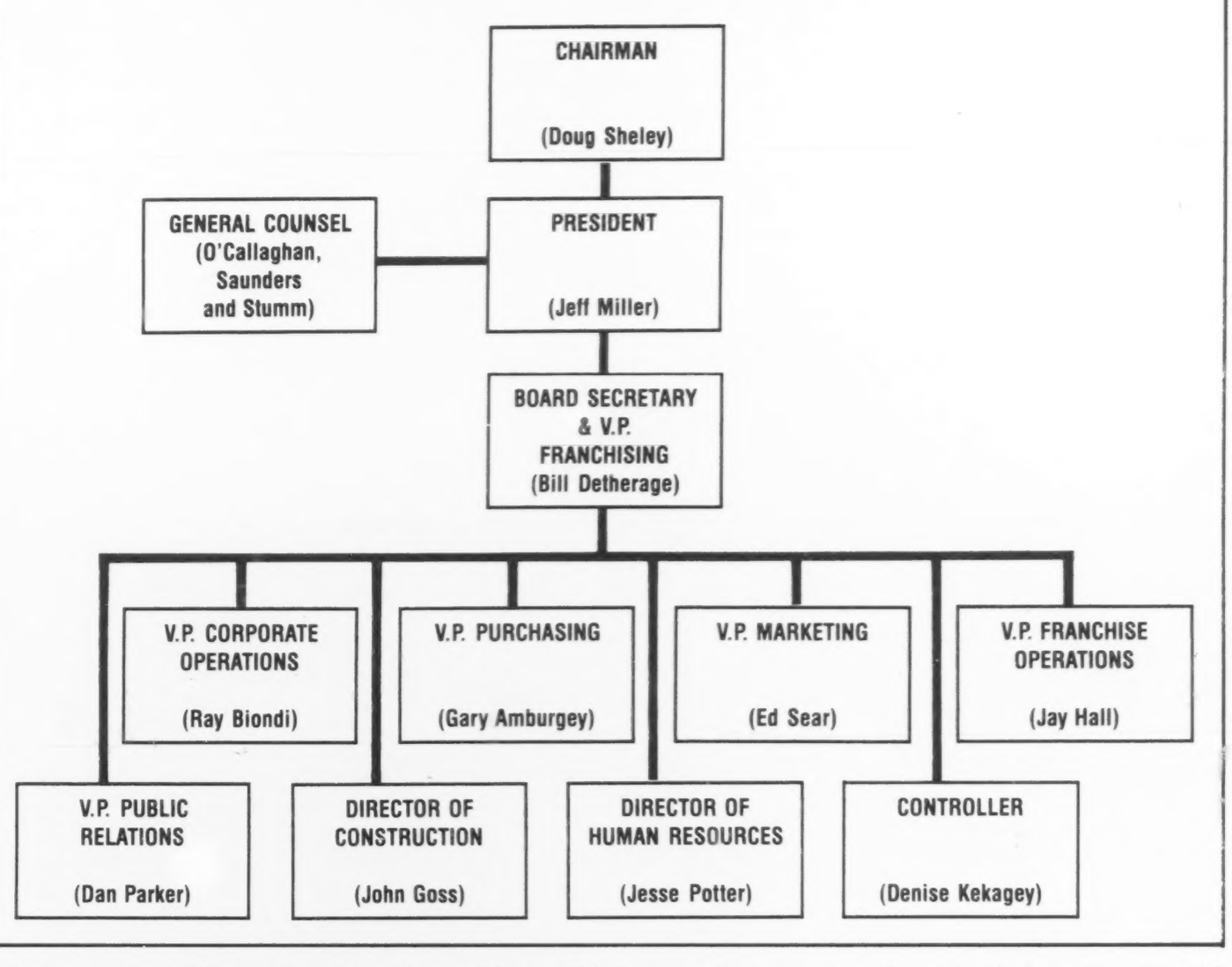
To maintain its hoped-for ratio of 90% franchised stores and 10% company-owned and operated, D'Lites is investigating several forms of expansion capitalization, including a public offering. "Right now, we don't have a need for immediate capitalization because we have $6.5 million to $7 million of our own cash to keep the 10% company-owned ratio," said D'Lites president, Jeff Miller.

D'Lites has just signed an agreement to build 450 franchised stores in cities like Atlanta, Tampa, Jacksonville, Nashville, Charlotte, Houston, Phoenix, Tucson and possibly Dallas, Boston and New York. Fifteen company-owned stores are planned for Denver. "It's slow growth compared to Wendy's, which opened 572 restaurants one year, but I think it represents an aggressive growth pattern," Sheley said.

The company's franchise fee is $25,000 per unit, according to Dan Parker, a D'Lites vice president.

**D'Lites plans to grow from six units to 60 by the end of '84. Expansion would be primarily in the Southeast.**

*THE D'LITES ORGANIZATION*




*D'LITES*

(Fiscal Year Ended March 31)

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $1.5 | $4.5 | $8 |
| Net Profit | | | $500,000 |
| Average Same Store Sales (In Millions) | $1 | $1.2 | $1.2 |
| Average Per Person Check | $1.95 | $2.05 | $2.05 |
| Number of Units | 2 | 4 | 60 |
| % Menu Price Increase | 6% | 6% | 6% |

Source: *NRN* Research *Projected

# New fall product rollout could inflate flat counts

**NOBLE ROMAN**

*(Continued from page 145)*

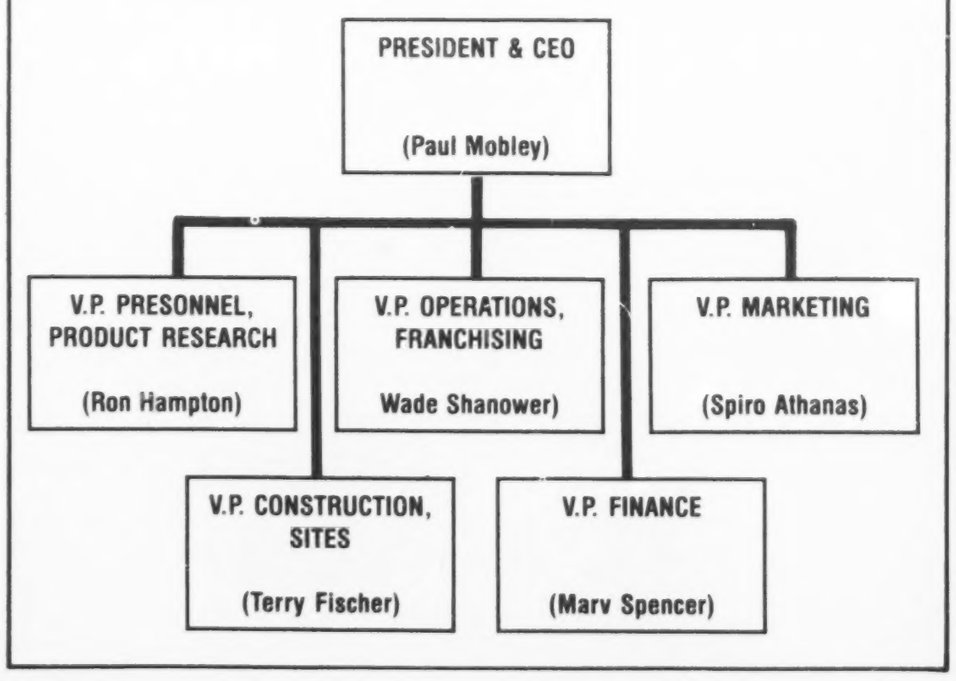
ally take six months to a year. The customer base there is now about 50% students, 50% year-round residents.

When Noble Roman was small, a local Indianapolis distributor handled most of its needs, but as it has grown throughout the Midwest, it has contracted with the largest supplier of cheese in the country for all its products except fresh produce.

Despite the flatness in the customer count trend, the chain reports that its repeat business is good. A survey showed that the average customer makes 2.5 visits to a Noble Roman unit each month.

Athanas, who handles demographic research for the chain, said he undertook a survey to determine "what makes our good stores good." He said he found that the stores which had the most competition from other chains in a three-mile radius were the best performers.

*THE NOBLE ROMAN ORGANIZATION*



FOCUS NRN

SECOND-TIER CHAINS

# *The rural, country store approach to dining grows*

**CRACKER BARREL**

LEBANON, Tenn.—The Cracker Barrel Old Country Store, with a total of 32 units in the Southeastern United States, has used a menu of regional specialties to achieve a stronghold on the family-dinner business here.

The country store motif is used in the 175-seat restaurants and a gift shop featuring rural style reproductions of glassware, wrought iron products, toys, soaps, woodcrafts, candles and food products such as cheeses, preserves, maple syrup, smoked sausages and candies. In the restaurant, the menu revolves around country ham served in ham-and-biscuits, ham sandwiches and ham-and-egg breakfasts. While ham accounts for 12% of the menu, other signature dishes include an all-day country breakfast for $4.65, buttermilk pancakes with real butter and pure maple syrup for $2.50, country dinner plates for $2.95 and numerous side dishes.

Almost 30% of business is done in country dinner plates which feature a choice of entree, two vegetables, buttermilk biscuits or corn muffins and real butter for $2.95. Entrees include homemade chicken and dumplings, hickory smoked pork barbecue or chicken breast filet. Vegetables include breaded fried okra, brown rice, turnip greens, whole baby carrots, pinto beans and buttered corn.

The remainder of the menu includes eight sandwiches, ranging from a hamburger ($1.65) to a catfish sandwich ($2). Desserts center around four fruit cobblers, bread pudding and molasses and ice cream.

A 20% to 25% growth rate over the past 10 years has been sustained by two public offerings, raising $5 million in 1981 and $9.2 million in March of 1983. Going public gave the company "more flexibility" according to John Hayes, chief financial officer. Many of the units had been leased up until 1981 and growth was dependent upon debt financing when interest rates were high. The company favored going public as opposed to franchising because of a fear that the company would not have "quality of management," in franchised units.

Instead they grew slowly, adding two to three units per year in five states: Tennessee, Kentucky, South Carolina, Georgia and Alabama. This year six units were added and seven are planned for 1985.

Management needs are satisfied through a program of training which begins by identifying the kind of manager Cracker Barrel is interested in. Applicants are given an elaborate personality and intelligence test. Those who successfully pass the screening go on to a 16-week training school.

"We're looking for a certain kind of person to manage a Cracker Barrel," says Hayes. "We want people who will stick around and don't want to set the world on fire. You can't be overconfident and you can't need a lot of affection. There isn't a lot of affection in this business."

The company recently came up with a manager profile for Cracker Barrel. The average manager is 35 years old, has been with the company four years and has five years of restaurant experience. They have attended college and make an average $35,000 per year.

No one actually becomes a manager straight out of training school. After graduating from the 16-week class the 30 or so who graduate each year become associate managers. Two to three associate managers in each unit are adequate to assure them a 40-hour work week and most stay in the associate position for 18 months to two years before "bidding" on a new or vacant store.

To become a unit manager, Cracker Barrel has existing managers and associate managers actually bid a dollar figure on the "ownership" of an unmanaged store. The higher bidder "wins" the management of the store and is expected to make the store "their own." The dollar-figure bid by managers and associates in competition is not money the managers own. It is potential dollars from the company's management bonus of 10% of pretax income. Managers forgo their bonus until they have fulfilled the amount they bid, typically one year of bonus checks.

The strength of such a system is that turnover is low—managers seem to feel they have a greater control of their destiny since the only time they are moved is when they voluntarily choose to bid on a new store.

Cracker Barrel wants to see the entrepreneurial spirit of its managers who are each expected to make major marketing decisions on their own. A corporate advisory staff to assist store managers is available upon their request. The store, however, is charged for the assistance. The incentive is for managers to solve their own problems and improve the store's profitability.

With a total of 32 units in operation and three more planned for 1983, movement among units has not been great. However, next year the company plans to build seven or eight new units and competition for them should develop.

Future units will be slightly more scaled down than the current 172-seat, 8,000-sq.-ft. unit. The new unit will be cut to 6,000 sq. ft. and 134 seats and gift shop space will be cut from 20% to 15% of the building.

Cracker Barrel execs think they can get a greater number of turns on the smaller units without as much overhead. In cases where the company expects to do greater than the average $1.5 million sales per store, the larger unit will be built. One store in Lexington is already doing in excess of $2 million and Cracker Barrel would like to repeat the success.

This year the company tried to increase customer counts by mentioning specific products in their advertising. In the past they have attracted the mix of 40% highway riders (tourists and commuters) and 60% local clientele within a 2-mile radius by using billboards and limited radio and television advertising. The media advertising was institutional and sought to build the image of the Cracker Barrel Country Store.

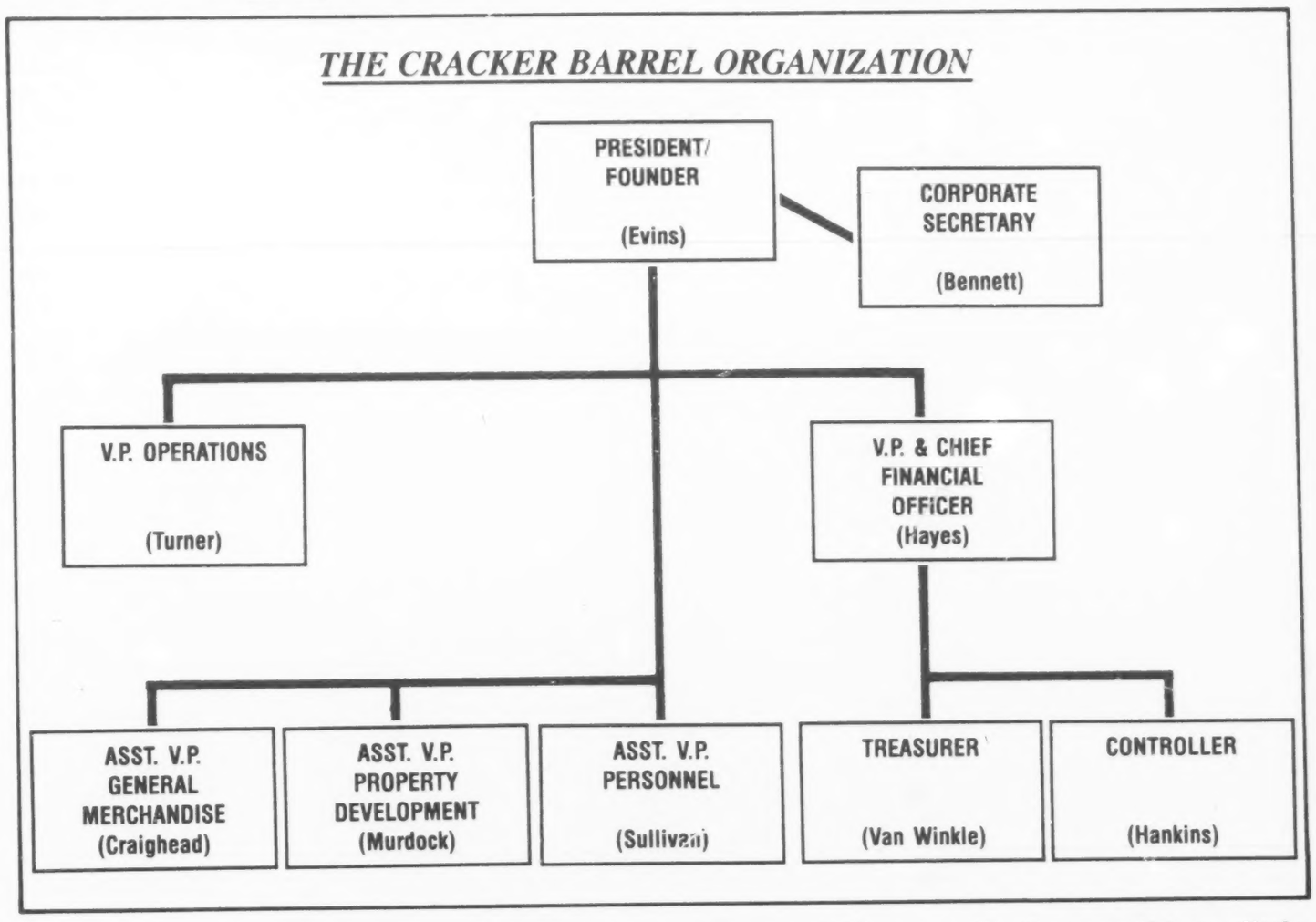
By mentioning dinner offerings and prices on the radio, the company was able to build their dinner business. They shed an image of the "greasy spoon interstate-oriented operation," by combining menu advertising with the image-building kerosene lamps and wood burning fireplaces from the previous institutional ads. Cracker Barrel spends approximately 2% of sales on advertising.

The authentic rural Southern menu, which runs a 37% food cost, "is the something a little different we do that sets us apart from the competition," says Hayes. He stresses that founder Dan Evins has spent time perfecting the Cracker Barrel concept and has not paid much attention to what or how other restaurant companies in the regional area operate.

Cracker Barrel execs feel they have a tight hold on the market. National coffee shop and dinnerhouse chains have tried to establish themselves in Cracker Barrel territory only to find "this area is a hard nut to crack," says Hayes. For that reason the company wishes to continue to expand within its region, possibly breaking into a new state or two. Certain suppliers and distributors can easily be found in the Southeast, and while the company is not dependent upon any one source of supply, it will keep growth logistically simple.

Current menu experiments include new breads for sandwiches, possibly a sour dough bread and an entire line of soups which was recently rolled out.

***THE CRACKER BARREL ORGANIZATION***




***CRACKER BARREL OLD COUNTRY STORE***

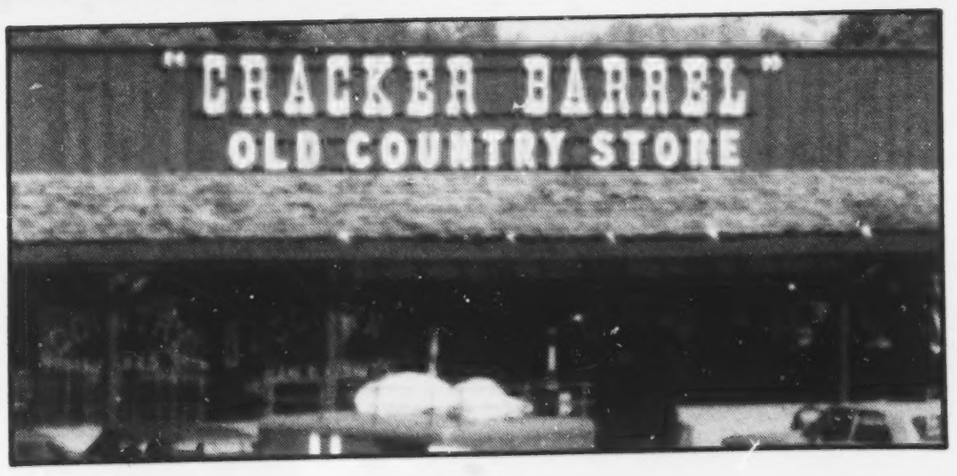
**(Fiscal Year Ended July 31)**

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $35.4 | $45.7 | $57.5 |
| Revenues (Where Different From Sales) (In Millions) | | | |
| Net Profit (In Millions) | $1.3 | $2.0 | $2.9 |
| Average Sale Store Sales (In Millions) | $1.4 | $1.6 | $1.75 |
| Average Per Person Check | | $3.45 | $3.60 |
| Number of Units | 24 | 29 | 35 |
| % Menu Price Increase | 7.0% | 7.0% | 5.0% |

Source: *NRN* Research

**NRN* Estimate

**Cracker Barrel has 32 units in operation and more on the way.**



# FOCUS NRN

## SECOND-TIER CHAINS

# *'Local' sensitivity, swift response keys to strategy*

**CORPORATE FOOD SERVICES**

NEW YORK—By offering white-collar New Yorkers a local food-service management company and the attention that comes with a special hotline which rings in the president's office, Jack Galione has doubled Corporate Food Service's sales twice in the past five years.

Starting out in the mid-70's with $1,500, Galione targeted law and bank offices and sold them food-service management which recognized their employees as "professional eaters with a high sensitivity to food."

The advantage of a New York-based business catering to New York firms, says Galione, is that the client does not have to go through layers of management in order to solve a problem. Also, menu development can be swift, reacting to the many food trends that start in the Big Apple.

The company's quality of service and ability to turn on a dime are exploited to advantage. All "group heads" wear beepers so they can be found in minutes. Galione has a full-time car and driver—if the hotline rings, he'll be in a client's office in less than 15 minutes. Many of his accounts, however, are within walking distance of his headquarters.

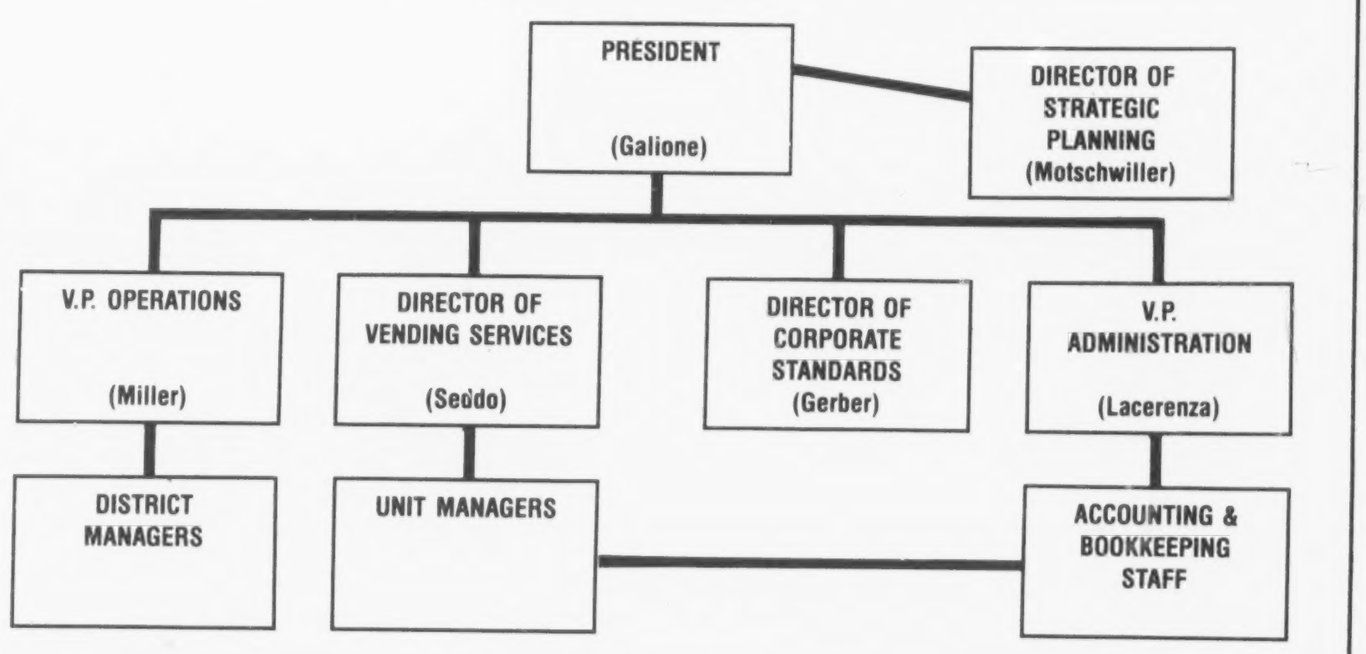
"You've got to be ready to handle problems," he says. "This business is full of problems—you know that going in."

Galione has controlled the company's growth by anticipating the needs of growth: solidifying and adding to the management team and then going after accounts. Trying to get accounts before the management team is ready or capable of handling them is putting the cart before the horse.

That's why, in 1979, he told his handful of corporate staffers (there were about 300 employees) that for two years the company would not grow.

For two years Galione worked solidifying his management team. He added a vice president of operations who would oversee the computer systems the company used to track account information, a director of corporate standards who did menu development and quality control, a vice president of administration to develop systems and an administrative assistant to the president. Galione's administrative assistant became the director of strategic planning and development and a director of vending services, which complements the company's food service, was also added.

*THE CORPPORATE FOOD SERVICE ORGANIZATION*




For two years the new officers got to know the company and in 1981 sales were on their way from $8 million to $10 million. Over the next two years sales increased to $20 million.

Today Galione need only add a manager and build his administrative staff for each new contract taken on. This is possible, thanks to a personal computer which tracks accounts information, can make price changes on an entire six week menu cycle in under a minute and does forecasting.

Manual record keeping and planning would be impossible, he said.

Ninety per cent of Corporate Food Service's growth has come from firms just beginning to provide food-service facilities. Galione landed an important first account when the company was starting out—it was the first law firm to put in an employee food-service facility. Numerous forward-looking law and banking firms saw that first oulet and called Galione for their own needs.

New York is saturated with "high-tech, high-talent" professional people and they demand innovative menu items. Deanna Gerber, director of corporate standards, keeps the chefs in each account up-to-date on menu trends with memos suggesting new ideas. Chefs are asked to incorporate them wherever possible.

A recent memo read: "Try a cassoulet using white beans, chicken stock, chicken, knockwurst and other sausages. If you have casseroles, do them individually. Top with a crispy buttered bread crumb topping."

Gerber is a French trained chef who keeps a constant flow of ideas going to unit managers and chefs. Each unit chef, however, is allowed to create new items entirely on their own without the fear of failure.

"Try something you've been dying to make," Gerber tells the chefs, "and make six orders of it. If you only sell three that means half of the customers tried it, maybe more will try it next time."

Pricing for each account is determined when the account is written. Sometimes a certain food cost is mandated and prices reflect that cost. Sometimes Galione offers something called price flexing. Price flexing means that if food cost on a particular item goes up or down drastically—such as orange juice or beef—then Corporate Food Services can adjust menu prices immediately. In other instances, Galione offers the client a chance to absorb or pass on the price increase.

Management for the accounts comes from within as well as outside the company. New managers, however, join as assistant managers, no matter what their prior position was.

"We're reluctant to hand over the keys to someone we don't know," says Galione. The move down gives the employee a chance to experience the corporate culture of the company and gives Galione a chance to see whether the employee delivers all they promised.

Corporate Food Services has outgrown its current downtown location. Headquarters will be be moved to the Grammercy Park area of Manhattan where Galione purchased a floor of an office condominium. Employees will have more space and the company will be situated between its uptown and downtown accounts.

Experiments with a public restaurant called Images, a food court in an office building and a newsstand operation are all going on in Orangeburg, N.Y., a suburb.

Galione may use some of the new concepts for expanding operations.

Henry P. Miller

Deanna Gerber

Jack Galione

Any cheese. Any amount.
Any way you want it.

No baloney.

Sargento is hungry for your cheese business. We'll provide you with any domestic or imported cheese, in any amount. We'll even help you develop a custom blend you can call your own. We can slice it, grate it, shred it, or shape it. Any way you want it. And we're big enough to fill the bill for customers with big appetites.

We're working for national fast food chains and major food processors.
If you'd like to streamline your operation and reduce waste, give Dave Lorbecki a call at 800/558-5802 (414/893-8484 in Wisconsin).
He'll show you how our level of service can improve your level of profits.

Sargento

The persnickety cheese people from Plymouth, Wisconsin.

FOCUS NRN

SECOND-TIER CHAINS

# Account needs shape Creative's menu structure

**CREATIVE GOURMET**

BOSTON—Steve Elmont, Creative Gourmet's president, says he is interested in clients who view food as a benefit rather than a necessity. Each account has different needs and part of serving those needs is determining whether the menu should include "a truffle or a frankfurter."

"We reduce the communication between ourselves and the client to a menu and then go on to develop that menu as the relationship changes," says Elmont.

No proposals is ever submitted to a client without extensive research on the client population. Each menu program is tailored to the group's ethnicity, amount of time for lunch, ability to pay and group size. From this information Elmont can create a flexible menu cycle which meets the group's and the client's needs.

After Creative Gourmet takes on an account, the menus are evaluated on a regular basis by the executive chef. He checks to see that each manager is serving a variety of foods and that meals are nutritionally balanced. Sales data, product mix reports and manager reports help to suggest menu adjustments which must be made at each account.

Elmont has always used profits to help Creative Gourmet grow. There are only two reasons to go public, he says: to make a personal fortune or to satisfy a capital need. Neither are of interest to him.

"If you capitalize your business correctly the first time around then there should be no need for great influx of capital in this business. The kind of investments I need to make are in inventories and human resources, not fixed assets," he says.

Elmont has relied on strategic planning to make Creative Gourmet sales grow 30% a year each of the past six years. At a retreat top management (Elmont and his partner Eugene Piacentini) sit down and discuss the company's strengths and weaknesses and position themselves in the market. After a month passes they do the same thing again and middle management is included in the discussions. They hope both meetings come to the same conclusions. If they don't, the meeting does not end. The next step is to bring unit management into the discussions for their input and to discuss implementation.

This year strategic planning resulted in the addition of a director of human resources for the company. Management saw the company as one which cared about its employees, but some employees felt that attitude was not evident at all levels. Elmont added the new position to make the company's commitment to the employees something more than talk.

Steve Elmont

A series of training programs are always in effect for the company's 350 employees. Handicapped people go through six month training programs for dishwashing and utility positions. Manager trainee positions are always filled so that the company has a qualified workforce from which to choose managers. Creative Gourmet employees go on internships to hotel and restaurant schools and hotel and restaurant students do externships with Creative Gourmet.

Elmont is against using a bonus system to help managers do a better job. In some accounts the food cost is subsidized and pressure on the manager to lower food cost might lead him or her to cut corners.

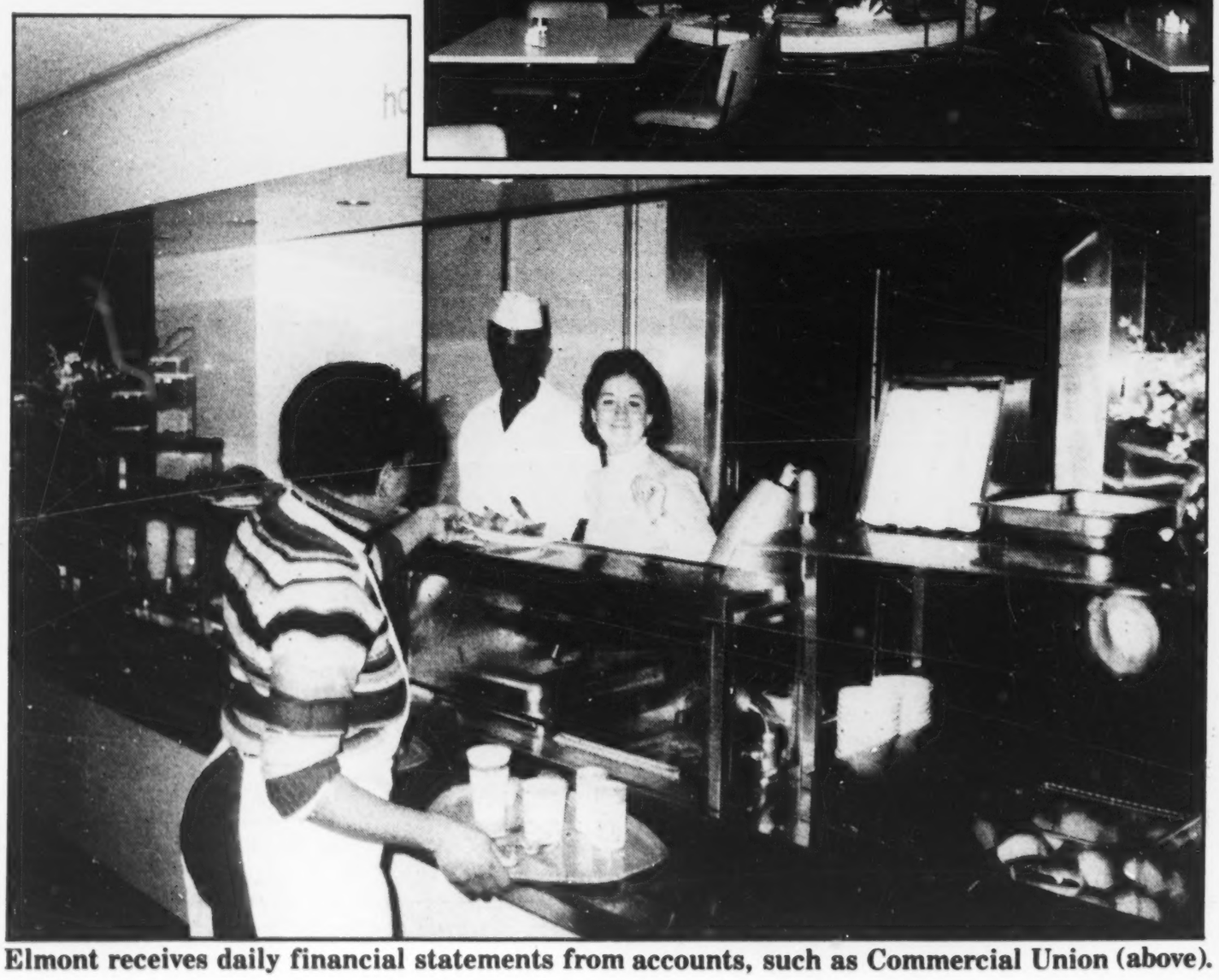
A stock option is not viable since Elmont does not want to dilute ownership of the company. Something called a "phantom stock," may be used this year. It is a nonvoting stock which rewards employees along the lines of the company's growth.

Managers are evaluated at monthly meetings and evaluate themselves annually.

Elmont keeps a microscopically close eye on labor and overhead cost in order to manage the future growth of the company. His flat fee for managing accounts is based on year-to-date overhead plus any factors that might indicate an increase from last year's figures. In order to charge each new account correctly Elmont must have an up to the minute grasp of what his current costs and profits are. For this reason he gets daily financial statements from all accounts.

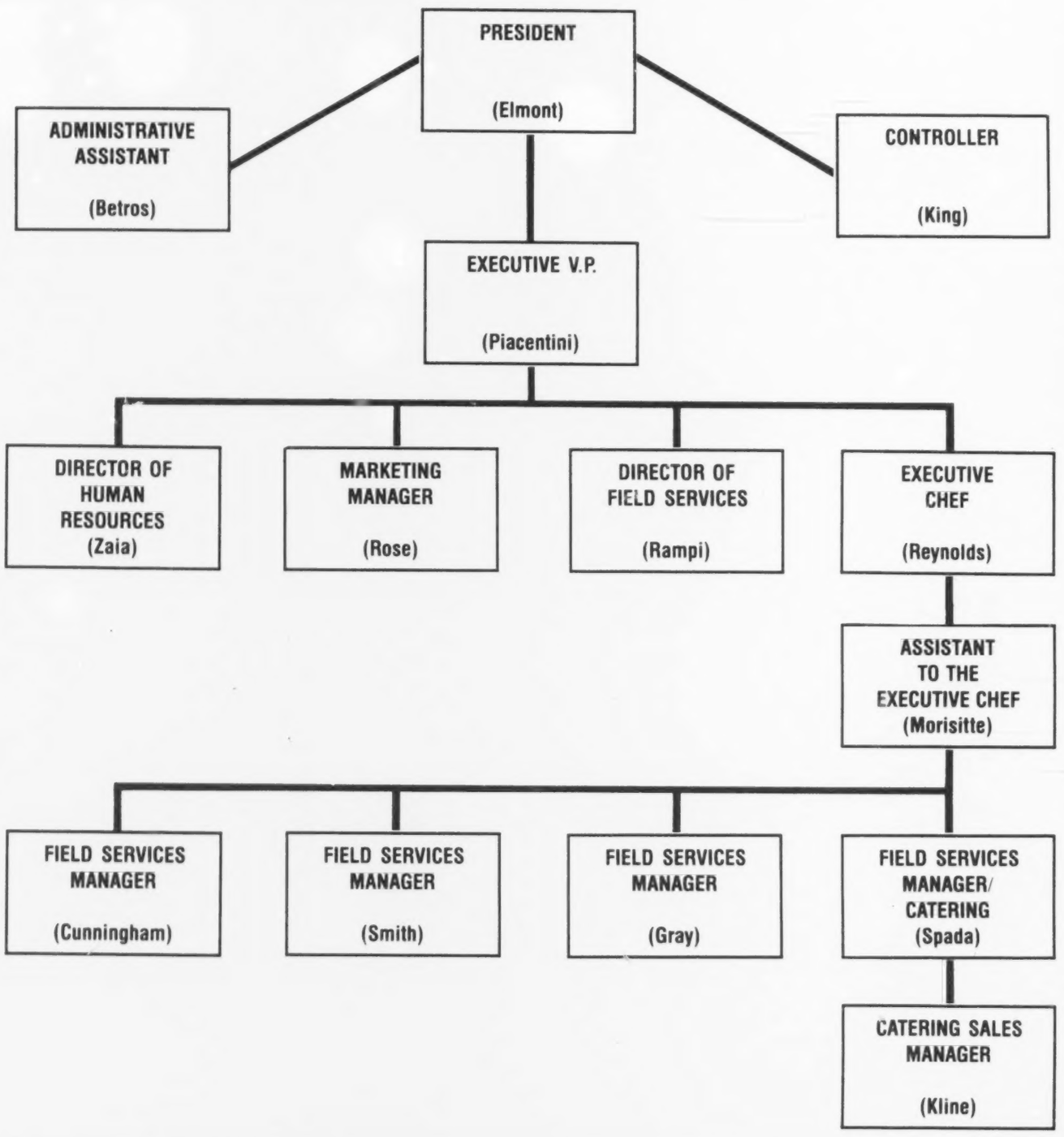
For the first time, Elmont has hired a catering sales manager and a marketing manager. While he still needs a client's full cooperation in order to create a proposal, he feels that it's time for the company to consider going after some business instead of waiting for it.

In the area of social catering Creative Gourmet wants a larger share of the Boston area market and has hired a sales manager to increase sales in that area. The company recently catered the opening of a Nieman-Marcus department store in Boston.



Elmont receives daily financial statements from accounts, such as Commercial Union (above).

*THE CREATIVE GOURMET ORGANIZATION*




***CREATIVE GOURMET***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $7.00 | $9.10 | $12.75 |
| Average Contract Sales | $350,000 | $364,000 | $390,000 |
| Number of Contracts | 20 | 25 | 30 |

Source: *NRN* Research

*Projected

***Feds have good news for chicken chains***

# Demographic shifts will produce higher demand for poultry items

WASHINGTON—In a new long-range forecast that bodes well for the nation's fried chicken chains, Government market researchers predicted that demographic shifts within the United States' population will result in steady increases in the demand for poultry products.

"During the next five years, growth in poultry-industry shipments is expected to continue to outpace that of the red meat industry as poultry per-capita consumption increases at a greater rate" than the demand for beef, pork and other red meat products, the Commerce Department's Office of Consumer Goods and Service Industries concluded.

"A contributing factor affecting shipments of red meat is the aging of the United States population," industry analyst Donald Hodgen said, "because older Americans tend to consume less meat, especially beef."

According to new Census Bureau projections, the proportion of Americans aged 60 and over (a group that currently accounts for 17% of the United States population) will increase at a compound annual rate of 1.6% through 1988. In contrast, the number of people under 60 will grow only about half as fast—an average of just 0.8% annually.

Indications are these demographic changes are already beginning to influence the demand for meat products in the United States.

Although shipments of red meat products showed an increase of 3.6% last year in response to gains in consumer disposable income and other positive economic factors, the Government's latest forecast predicts that "in 1984, the red meat industry will not experience any significant real growth in industry shipments."

And although overall production of processed meats and other "high value-added" meat products will rise this year, total beef and pork production is expected to decline 2% from the 1983 levels, the Commerce Department study concluded.

Although American consumers are likely to upgrade their meat buying preferences and dine out more often in response to improvements in the overall economy, higher prices for beef and other red meat products may cut into that rising demand.

"After two years of declining prices, livestock prices are expected to increase between 2% and 6% in 1984," and those price hikes could go even higher "if the 1984 red meat supply is lower than forecast" by officials at the United States Department of Agriculture, the Commerce food analysts said.

Behind the projected price increases: Poor weather conditions during 1983 which will continue to influence the supply of livestock through the current year.

"Because of the long summer drought in 1983, thinning of herds increased in late 1983, and in 1984 fewer cattle and hogs will be available for slaughter," Federal researchers explained. "This will raise consumer prices for red meat in 1984" by an amount Government forecasters find difficult to predict.

In contrast, the "prospects for the poultry industry in 1984 are favorable," Commerce Department experts concluded in their latest "industrial outlook" study outlining the state of the economy.

Total poultry production "will probably increase another 2% to meet the continued strong demand for poultry products," and the "value of shipments by the poultry and related products industry, measured in constant dollars, is expected to increase about 3.2% in 1984," department analysts said.

For the longer term, Government researchers expect that food-service operators will have more food-buying options in the future as a number of "new products will be marketed in the next five years, especially restructured meat products such as barbecued pork filets and breaded chicken breasts."

Among restaurant food suppliers, the department is also forecasting a number of marketplace changes during the next five years.

"Intense competition will push the red meat industry to continue to strive for new efficiencies," and "many plants will close and industry labor-cost increases will slow," the report predicted.

"Capital costs for new equipment will continue to increase, however," and "new packing plants will continue to locate near large cattle feedlots and where the labor supply is ample," Federal industry forecasters said.

After adjustments for inflation, the overall value of meat and meat products industry shipments is expected to rise at an annual compound rate of between 1% and 2% from 1983 through 1988, the study concluded.

Last year, however, the value of these shipments climbed 2.3% to $68.1 billion, and after adjustments for price changes the "real" value of these shipments rose even faster—3.8%, Commerce Department meat industry specialist Hodgen disclosed.

"For the first time since 1972, overall producer prices of meat and meat products fell in 1983 as livestock prices declined," he added.

On a per-capita basis, consumption of all meat products rose by 4.3 lb. last year (to an average of 206 lb. per person) in response to the economic recovery and lower prices for meats.

Due to a variety of factors ranging from erratic supplies to consumer health concerns, however, meat preferences among American consumers has been shifting away from beef in favor of poultry products, the study notes.

Citing Federal figures indicating that consumption of beef has been on the wane for the past eight years, Commerce industry analysts said that "in 1976 about three-fourths of all meat consumed was red meat [mainly beef], but by 1983 the red meat share had dropped to 69%."

On a per-capita basis, the decline is even more apparent.

"Between 1976 and 1979, the average annual per-capita consumption of beef was 87.8 lb., compared with 77.2 lb. between 1980 and 1983," the study noted.

During the first eight months of 1983 the producer price indexes for beef, pork and poultry declined 3.9%, 4.2% and 1.2%, respectively, and throughout the year "the large supply of livestock and poultry available for slaughter [kept] a lid on producer prices," Commerce analysts said.

"Although the cost of producing broilers started to increase during the summer of 1983 because of higher feed costs and reduced production due to the extremely hot summer, large supplies of competing red meat during the second half of 1983 moderated broiler prices," the report noted.

In disclosing last year's 3.6% inflation-adjusted rise in the value of industry red meat shipments after "three years of essentially no growth," the Government researchers noted that beef production inched up slightly (from 22.3 billion lb. in 1982 to 22.9 billion lb. in 1983) while pork production climbed 6% to 15 billion lb.

Poultry production, meanwhile, continued to rise steadily last year as the value of industry shipments reached $9.8 billion—up 4.8% after adjusting for price changes.

"Demand for poultry products has been very strong in recent years," and "as a result, the production of chicken and turkey has increased steadily from 11.3 billion lb. in 1977 to 15.5 billion lb. in 1983," the new Government study reported.

> *'During the next five years, growth in poultry-industry shipments is expected to continue to outpace that of the red meat industry as poultry per-capita consumption increases at a greater rate.'*

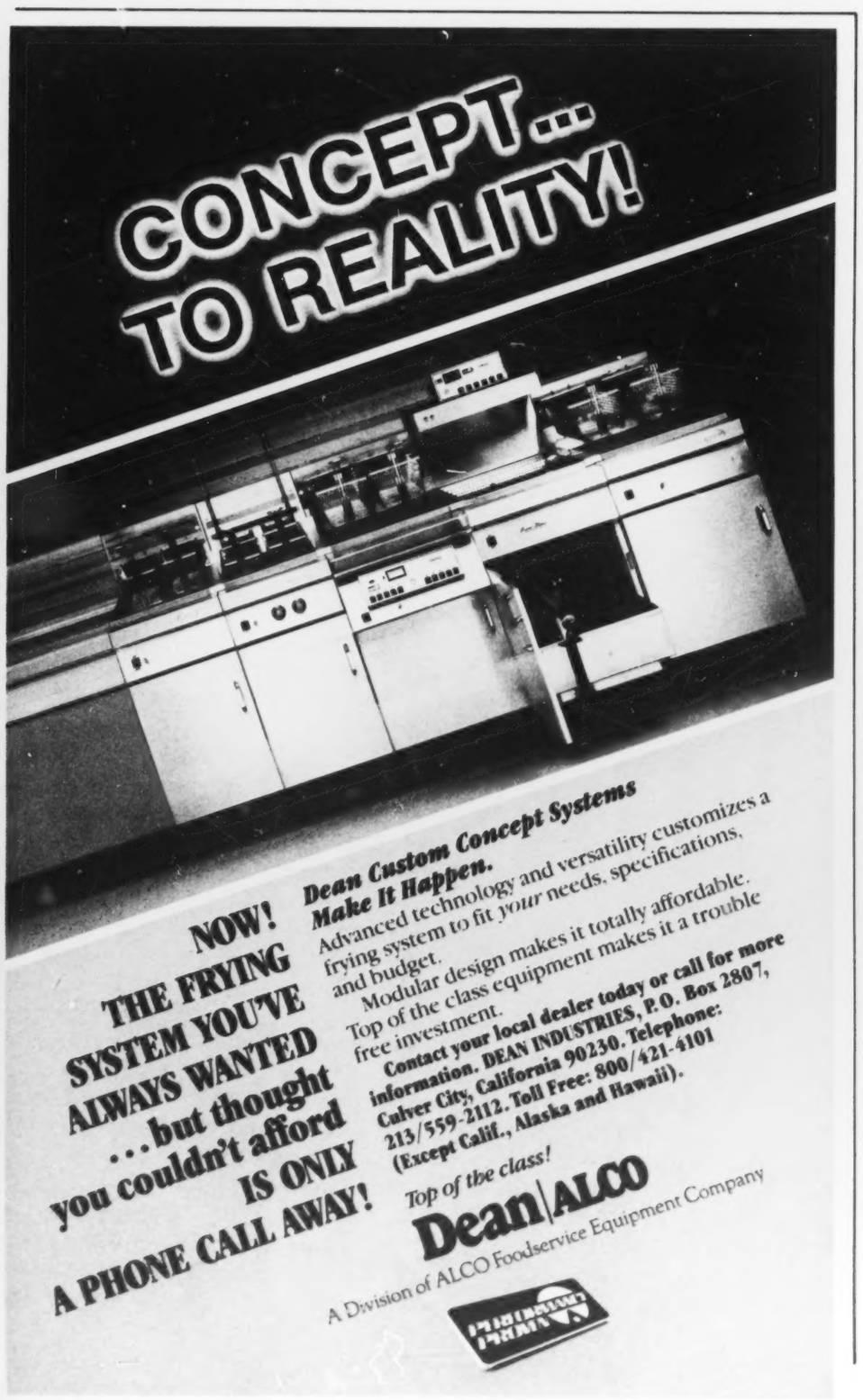
## PER CAPITA CONSUMPTION OF MEAT PRODUCTS

(In Pounds)

| Year | Red Meat[1] | | | | Poultry[3] | All Meat Products |
|---|---|---|---|---|---|---|
| | Beef | Pork | Other[2] | Total | | |
| 1976 | 94.3 | 53.7 | 4.8 | 152.8 | 51.8 | 204.6 |
| 1977 | 91.7 | 55.8 | 4.7 | 152.2 | 53.2 | 205.4 |
| 1978 | 87.2 | 55.9 | 3.8 | 146.9 | 55.9 | 202.8 |
| 1979 | 78.1 | 63.8 | 3.0 | 144.9 | 60.5 | 205.4 |
| 1980 | 76.5 | 68.3 | 2.8 | 147.6 | 60.6 | 208.2 |
| 1981 | 77.1 | 65.0 | 3.0 | 145.1 | 62.4 | 207.5 |
| 1982 | 77.2 | 59.0 | 3.1 | 139.3 | 64.0 | 203.3 |
| 1983 | 78.0 | 62.0 | 3.0 | 143.0 | 65.7 | 208.7 |

Source: U.S.D.A., Bureau of Industrial Economics

[1]Retail cut equivalent. [2]Lamb, veal and mutton. [3]Ready-to-cut.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## U.S.D.A.: Red meat demand will rise, too

WASHINGTON—Demand for "red meat and restaurant food" will increase in 1984 if the economy continues to improve, according to a recently released Agriculture Department report.

Among other things, the report concluded that the economic outlook for 1984 is "bright." U.S.D.A. researchers estimated real consumer spending may rise by 5% this year, primarily because of income gains from increased business activity.

Although consumers increased spending last year, they added financial assets more than twice as fast as liabilities, leaving them "sufficiently liquid to spend strongly again in 1984," Agriculture Department officials said.

While demand for farm products is likely to rise in 1984, along with consumer spending, "demand increases will not be uniform," they said.

Rather, "demand for the more income sensitive commodities, such as red meats and food-away-from-home, will rise more than domestic demand for food staples," U.S.D.A. predicted.

At the same time food supplies are expected to tighten this year as a result of the smaller plantings of some crops, production adjustments in the livestock industry, and severe weather conditions last year, the agency explained.

Based on the latest Agriculture Department figures, the supply outlook for major foods used by food-service operators is as follows:

- The number of United States cattle and calves on Jan. 1, 1984 was 114 million head—or 1% less than last year. Beef cow inventories were also down 1% while the number of beef replacement heifers—the base for future expansion—declined 2%.

As supplies tighten and demand grows, meat costs will start rising and by the third quarter red meat prices could be a 10th higher than during the same period in 1983, the agency said.

- In 1984 pork production will probably be off 6% to 8% from 1983 levels. U.S.D.A. indicated breeding and conception may be affected by both last summer's extreme heat and this winter's severe cold. Market hog prices in the first half of 1984 are expected to average $45 to $49 per cwt—or very close to last year's levels.
- Broiler production in the first six months of this year could be down 2% from last year's 6,336 million lb. Output in the second half of the year, however, is expected to increase by 5% over 1983's production because of lower feed costs.

Agency officials predicted consumer demand for broilers will continue to be strong in 1984. Consumer demand was "exceptionally high last year because of the growth in the economy" and chicken promotions run by several fast-food chains during the holiday season, U.S.D.A. said.

- Increased imports will partially offset the fruit and vegetable losses that resulted from last December's cold spell. Additional frozen concentrated orange juice will come from Brazil to help make up for the 17% drop in United States citrus production. At the same time, Mexico will ship the United States extra vegetables, particularly since a decline in the peso's value has made Mexican imports cheaper. F.O.B. prices for tomatoes, peppers and squash are expected to range from 18% to 39% higher than a year ago during the first four months of 1984 before declining to last year's levels.

# Alcoholic beverage industry growth stymied

## But Feds offer brighter five-year outlook

WASHINGTON—Anti-drunk driving campaigns coupled with stepped up "public pressures . . . to regulate or prohibit advertising of alcoholic beverages" are likely to short-circuit any "real" growth in consumer demand for beer, wine and distilled spirits this year, a new Government forecast indicates.

Although the alcoholic beverage industry's long-range (five-year) outlook is somewhat brighter, especially for wine consumption, "the short-term future for the alcoholic beverage group does not appear especially sanguine," market analysts at the U.S. Department of Commerce concluded.

In addition to growing public support for higher drinking ages in many states, demographic trends are not particularly favorable for the nation's brewers, wineries and distillers.

"The drinking age population will increase very moderately, and there is no sign that consumers' preferences or consumption patterns will change in 1984," the report maintains.

All of this decline, however, was attributed to reduced demand for "at-home" beverage consumption, which dropped 3.7% last year. Sales of beer, wine and liquor away from home increased 2.4% during 1984.

As a result, the proportion of alcoholic beverages consumed away from home climbed to 39% in inflation-adjusted dollars last year, the study reveals.

Separate data culled from the Bureau of Labor Statistics' Consumer Expenditure Study indicates that the average United States "consumer unit" (i.e., households and financially independent individuals) spends $5.20 each week on alcoholic beverages.

According to the Government's new 39% market share estimate for restaurants and taverns, the average American household now spends more than $105 annually for beer, wine and liquor away from home.

That B.L.S. study also found that consumer spending on alcoholic beverages increases sharply as income rises.

"Consumers earning more than $30,000 annually spent almost $10 a week for alcoholic beverages, those earning between $20,000 and $30,000 spent about $7 weekly and those earning between $10,000 and $15,000 annually spent $4.40 a week for alcoholic beverages," the Commerce Department researchers said.

But age is also a key determinant of alcohol consumption, according to the report.

"Consumers between the ages of 25 and 34, who were about 24% of the C.E.S. survey respondents, make 26% of all alcoholic beverages expenditures," the department noted. "The 45 to 54 age group spent the most on alcoholic beverages each week, $7.07, and make more than 20% of the alcoholic beverage expenditures."

Meanwhile, individuals under 25 represent 12.5% of the total United States market for beer, wine and distilled spirits, according to the Government statistics.

The Commerce Department's new *1984 Industrial Outlook* report also cites a number of nondemographic factors which have affected the demand for alcoholic beverages in recent years—not the least of which have been legislative and regulatory initiatives in Washington and a number of state capitals.

"In 1983, public pressures intensified to regulate or prohibit advertising of alcoholic beverages," the department said. "A consumer interest group published a report critical of the alcoholic beverage sector, citing the quantity and content of beverage advertising as materially contributing to excessive consumption, particularly among young people and those sensitive to alcohol."

At the state level, meanwhile, no fewer than seven states introduced legislation in 1983 to either ban alcoholic advertising or require warnings or disclosures in ads.

At the Federal level, the Treasury Department's Bureau of Alcohol, Tobacco and Firearms rescinded a rule requiring ingredient labeling for alcoholic beverages, only to have that regulation reinstated by a Federal district court judge.

Although that dispute is still being litigated, critics of the Bureau "contend that ingredient labeling promotes informed consumer choice and would alert those people prone to adverse reactions to certain additives used in some alcoholic beverages," the Commerce Department explained.

Despite these pressures, Government industry analysts are now forecasting a somewhat brighter future for the alcoholic beverages market during the mid- to late-1980's.

"Alcoholic beverage producers, after several years of weak demand, view the next five years with enhanced expectations," the Commerce researchers said.

"Consumers between the ages of 25 and 49, who spend the most for alcoholic beverages, are increasing in number" and should account for almost 60% of the entire United States adult population by 1990, they said.

Individuals in this age bracket "are at the peak of their earning power and have the greatest propensity to spend for entertaining at home, travel and dining out," the Government industry analysts explained.

But while the total spending for alcoholic beverages is likely to rise because of this demographic shift, the changes ahead for specific beverage categories are less clear, according to the Commerce Department.

"Wine producers will likely benefit at the expense of malt beverages, and industry analysts do not foresee a substantial increase in distilled spirits consumption," the report noted. "Analysts do anticipate a shift to more expensive spirits, however."

Overall, the inflation-adjusted value of shipments of all alcoholic beverage products is expected to rise by approximately 1.5% annually during each of the next five years, the new forecast reveals.

Here's how the Government's industry watchers view the outlook for specific categories of alcoholic beverages now:

• MALT BEVERAGES: Although the value of industry shipments of beer, ale, porter and stout rose by an average of 3.8% annually (after inflation) from 1972 to 1983, last year's increase was a slim 0.2% gain. Current dollars sales reached $11.1 billion.

Although "consumption of domestically brewed beverages was down slightly compared with 1982 levels," an increase in demand for imported beers offset that dip and total consumption remained "virtually unchanged" last year, the Commerce Department disclosed.

On a per-capita basis, beer consumption dropped almost 1% during 1983 as total sales failed to keep pace with United States population growth.

"During the next five years, the number of young people, who are the major beer drinkers, is expected to grow slowly," and in response to this trend, brewers "are developing new products to stimulate flagging demand," the Government study said.

Malt beverage prices, meanwhile, continue to climb. Last year's Producer Price Index for these beverages rose 5.5%, and consumer prices increased by an identical percentage (on top of a 4.7% overall hike in 1982).

"Although imports represent about 3.5% of total per-capita beer consumption," the demand for these higher priced foreign brews (particularly those from Canada) is on the rise.

During 1983 per-capita consumption of imported beers increased about 8%, while the dollar value of malt beverage imports rose 11% to 546 million.

• WINES AND BRANDY: The value of wine and brandy product shipments dropped slightly (0.1%) last year in terms of 1972 dollars, reversing the upward trend of the past decade.

According to the latest Commerce Department statistics, the inflation-adjusted value of these beverages rose by an annual average of 4.4% during the period from 1972 to 1983.

Last year's shipments (which totaled a Government-estimated $2.9 billion) declined despite increases in both per-capita and total wine consumption.

Although overall consumption rose 2.3% per-capita wine drinking climbed 0.9% last year, "most United States wineries did not fare well," the Federal analysts said.

"Beset by increased competi-

*(Continued on page 228)*

### ALCOHOL MARKET SHARE

| | Per Cent Of Total | | | Compound Annual Rate Of Change | | |
|---|---|---|---|---|---|---|
| | 1972 | 1980 | 1982 | 1972-80 | 1980-83 | 1972-83 |
| Malt Beverages | 62.6 | 64.1 | 65.6 | 4.7 | 1.4 | 3.8 |
| Wine And Brandy | 13.2 | 15.0 | 14.7 | 6.1 | −0.2 | 4.4 |
| Distilled Spirits | 24.2 | 20.9 | 19.7 | 2.6 | −1.3 | 1.5 |
| Total | 100.0 | 100.0 | 100.0 | 4.4 | 0.6 | 3.4 |

Source: U.S. Commerce Department, Bureau of Industrial Economics, *1984 Industrial Outlook.*

### ALCOHOL PRODUCT SHIPMENTS: 1972-84

| | 1972 | 1977 | 1979 | 1981 | 1982[1] | 1983[2] | 1984[3] | % Change 1983-84 |
|---|---|---|---|---|---|---|---|---|
| Product Shipment (In Millions) | | | | | | | | |
| Malt Beverages | $4,038.7 | $6,612.9 | $ 8,491.4 | $10,115.0 | $10,563.2 | $11,146.8 | | |
| Wine & Brandy | 851.0 | 1,357.7 | 1,995.7 | 2,549.5 | 2,767.2 | 2,870.3 | | |
| Distilled Spirits | 1,557.2 | 1,955.0 | 2,575.3 | 3,164.3 | 3,188.9 | 3,226.4 | | |
| Total | 6,446.9 | 9,925.6 | 13,026.4 | 15,828.8 | 16,519.3 | 17,243.5 | | |
| Product Shipments (1972 Dollars; In Millions) | | | | | | | | |
| Malt Beverages | 4,038.7 | 5,202.9 | 5,804.1 | 6,020.8 | 6,091.8 | 6,101.1 | $6,141.8 | 0.7 |
| Wine & Brandy | 851.0 | 1,112.0 | 1,332.2 | 1,356.1 | 1,362.5 | 1,361.0 | 1,374.8 | 1.0 |
| Distilled Spirits | 1,557.2 | 1,554.1 | 1,821.3 | 1,890.3 | 1,832.7 | 1,833.1 | 1,802.9 | −1.6 |
| Total | 6,446.9 | 7,869.0 | 8,957.6 | 9,267.2 | 9,287.0 | 9,295.2 | 9,319.5 | 0.3 |
| Product Price Index (1972=100) | | | | | | | | |
| Malt Beverages | 100.0% | 127.1% | 146.4% | 167.8% | 173.4% | 182.7% | | |
| Wine & Brandy | 100.0 | 122.1 | 149.8 | 188.0 | 203.1 | 210.9 | | |
| Distilled Spirits | 100.0 | 125.8 | 141.4 | 167.4 | 174.0 | 176.0 | | |

Sources: Bureau of the Census and Bureau of Industrial Economics.

[1]Estimated except for product price index. [2]Estimated. [3]Forecast. [4]Value of shipments of alcoholic beverages produced by all industries.

After adjusting for inflation, shipments of all alcoholic beverages are expected to increase only 0.3% this year, according to the latest Government projections. In comparison, producer shipments of malt beverages, wines and distilled spirits averaged a 4.4% annual growth rate (measured in constant 1972 dollars) between 1972 and 1980.

Actually, consumer demand for alcoholic beverages began to sour at the end of the 1970's, according to market statistics released by the Department. From 1980 to 1983, the new report shows that the industry's total inflation-adjustment value of shipments rose at an annual rate of just 0.6%.

Last year, although alcohol beverage product shipments reached a record $17.2 billion, the "real" dollar gain was a barely perceptible 0.1%, according to the Commerce Department study.

Signficantly, however, restaurants, taverns and other purveyors of away-from-home alcoholic beverages fared somewhat better during 1983.

Citing separate retail sales data collected by the Bureau of Economic Analysis, the Federal forecasters noted that "adjusted for inflation, personal spending for all alcoholic beverages fell 1.6% in 1983" to $50.3 billion.

## Winery acquisitions, sales fuel market competition

WASHINGTON—Major winery acquisitions and divestitures during 1983 are likely to fuel competition in the domestic wine market, Commerce Department industry analysts concluded in the Government's new industrial outlook for 1984.

"In September 1983, the Coca-Cola Company agreed to sell its Wine Spectrum subsidiary to Joseph E. Seagram & Sons Inc., which already had a substantial wine business," Commerce market analyst Cornelius Kenney said. "The new Seagram wine operation will represent about 11% of United States wine sales, ahead of the third-largest producer, but still behind E.&J. Gallo, the market leader.

"Earlier in 1983, the Heublein Spirits and Wine Company, a subsisiary of R. J. Reynolds company, agreed to sell four wineries and several brands to a California agricultural cooperative," Kenney added. "Heublein, which is retaining several wine brands, will no longer be the second-largest United States marketer of wine."

The two acquisitions, which are reported to involve a combined value of $250 million, "are expected to stimulate increased competition among United States wine producers," the Commerce Department market forecaster maintained.

Other recent developments in the beer and distilled spirits industries, however, could adversely affect the level of competition in the production and sale of these beverages.

"Because of declining demand for bourbon and blended whiskeys, several United States distillers closed plants in 1983," Kenney reported. "In addition, the nation's second-largest brewer indefinitely delayed opening a new multimillion-dollar brewery in Ohio."

# McD feud with black franchisee reaches courts

*(Continued from page 1)*

brated cause in California's black community, is scheduled to go to trial in June in U.S. District Court here.

Meanwhile, persistent charges that McDonald's discriminates against black franchisees by not offering them the same opportunities as white franchisees have sparked an investigation by the Los Angeles chapter of the N.A.A.C.P., the civil rights organization.

Complaints by Griffis and other black franchisees are receiving widespread coverage in minority-owned newspapers in California and have attracted the attention of the Rev. Jesse Jackson, a Democratic presidential candidate who as head of Operation PUSH, a group that works for economic opportunities for minorities, met with McDonald's officials in 1982 to discuss Griffis's charges.

In addition to allegations contained in his lawsuit, Griffis accuses McDonald's of "orchestrating" a recent Internal Revenue Service audit, a lien against his checking account by a local operators' advertising council, trouble with a food vendor and other incidents of "harassment." McDonald's denies harassing Griffis.

McDonald's officials bristle at any talk of racial prejudice and say the chain is proud of its record of offering opportunities to members of minority groups.

"We're increasing the number of minority operators at a rate that's far greater than any other franchisor," declares Alan Silberman, an attorney for the chain.

Silberman has been advising so-far-reluctant McDonald's officials to comply with attempts by Griffis's lawyers, Hunter and Anderson Law Office of Oakland, to provide detailed information about the chain's racial policies and record.

"My advice to McDonald's is that they should be prepared to have their policies subjected to analysis because there's no bias," Silberman says. "People will see McDonald's has a fabulous record bringing blacks, Hispanics and women into the system."

A motion by Griffis to compel McDonald's to reveal information pertaining to race issues will be heard by a Federal judge on March 12.

### 'A Lot to Protect'

McDonald's has resisted "efforts for discovery," Silberman explains, because the chain has "a lot to protect—a great wealth of information." The reason McDonald's doesn't have a rate of failure with its restaurants is due to its "unequalled" system of collecting information on all aspects of the fast-service restaurant business.

McDonald's, he says, must keep that information secret "to maintain the integrity of the system."

Silberman refutes Griffis' claim the chain maintains two separate lists of approved restaurant sites, one for blacks and one for whites, but he admits the list of approved franchisees identifies nonwhites with an asterisk.

"The list indicates with an asterisk who is a minority applicant so we can track our performance," he says. "There have never been two lists."

Stephanie Skurdy, a McDonald's spokeswoman, says 15% of McDonald's 1,500 domestic franchisees and 37% of those in the training system as of February are members of minority groups.

Griffis, however, says that only 267 domestic McDonald's restaurants are black-operated out of a total of more than 7,000, and there are only 137 black McDonald's franchisees, most of whom have only one or two units.

Griffis, who says McDonald's system has "opportunities segregated on the basis of race," has been unable to acquire a McDonald's unit in a white neighborhood despite repeated attempts since 1979.

"McDonald's pattern and practice of racial discrimination in franchising has denied me the opportunity to obtain new, more profitable stores and has effectively kept me in recycled restaurants in black neighborhoods," Griffis states in an affadavit accompanying his lawsuit.

McDonald's officials claim there are black franchisees with stores in white neighborhoods.

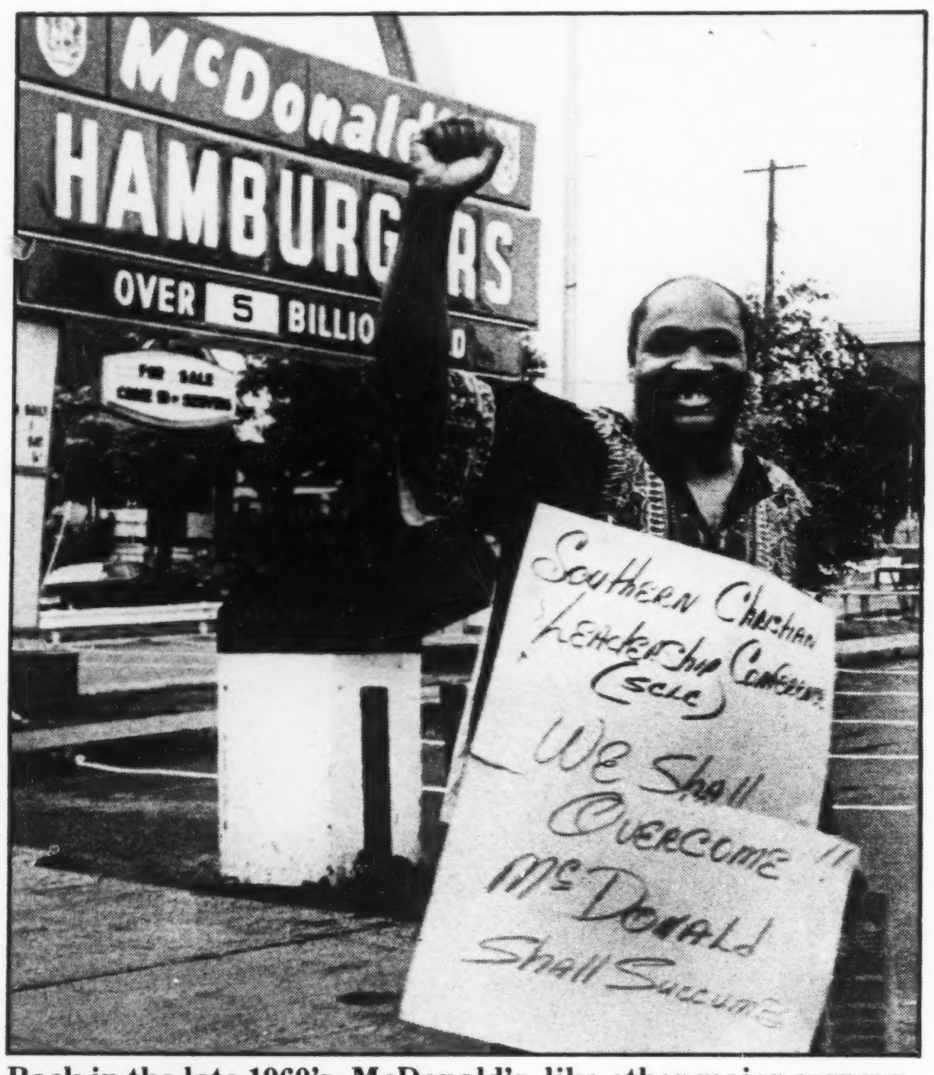
While Griffis has been at odds with McDonald's for several years, the problems did not come to a head until 1983 when he was sued by the chain after his wife, Patricia, opened two Popeyes Famous Fried Chicken restaurants in Los Angeles.

This apparently provided McDonald's with an opportunity to get rid of Griffis, who had become an activist among black franchisees in southern California, was supported by the well-known Rev. Jackson and in general was making too many waves.

The chain's legal department moved to terminate his license, contending Patricia Griffis' opening of two Popeyes restaurants violated a noncompete clause in the franchise contract which says a franchisee and members of his immediate family "would not directly or indirectly engage in or acquire any financial or beneficial interest in any business in which food and beverages are dispensed."

In his countersuit, Griffis contends McDonald's violates state law with its "restrictive covenant," and the chain's attempt "to close or restrict" the Popeyes operation is unlawful.

Noncompete clauses are fairly common in franchise agreements but McDonald's has a reputation of aggressively enforcing them more than other chains.




**Back in the late 1960's, McDonald's, like other major corporations, was the target of protests by civil rights activists. At issue in recent years is McDonald's alleged practice of treating black franchisees differently than white franchisees. McDonald's denies such a practice.**

Winners Corp. is a major Wendy's franchisee and franchises its own chicken and biscuit concept, Mrs. Winners, which competes directly with Wendy's Sisters chain. Diversifoods is a major Burger King franchisee and also operates the Godfathers pizza chain. A New Jersey-based Burger King franchisee is opening a Chicken George fast-food unit in East Orange, N.J.

McDonald's also charges Griffis with failing to spend the required amounts of money on advertising, but Griffis, who complains McDonald's advertising is ill-suited for the black market, denies the charge.

He says he has continued to pay 1% of gross sales from his four stores to the national advertising fund but has withdrawn his 3.1% of sales contribution from the local operators' advertising fund.

Griffis says he is using that money on his own advertising and promotions, including contributions to community groups and school athletic programs. He also has a training and jobs program for youthful ex-offenders.

McDonald's is claiming money Griffis was supposed to use on advertising has been poured into his wife's Popeyes restaurants. The local operators advertising council has sued Griffis in a separate action for $107,000, the amount they say he was supposed to contribute to the fund in 1983.

"The concern here is that he's taken a series of very deliberate steps to impair the activities of his fellow franchisees," Silberman says.

Griffis maintains he has "faithfully performed every valid provision" of his franchise agreement. All fees and payments to McDonald's are current; he is advertising and promoting his restaurants and he is spending between $150,000 and $200,000 of his own money on remodeling and renovating his restaurants, he says.

Meanwhile, Griffis has emerged the victor in the first round of court battles with McDonald's. U.S. District Court Judge L. Waters on Feb. 13 denied McDonald's motion for a preliminary injunction that would have terminated Griffis's operating license immediately.

The judge said McDonald's failed to show it would be "irreparably harmed" if Griffis were allowed to keep his restaurants open pending the outcome of the June trial.

To Griffis, the denial of the preliminary injunction thwarted McDonald's attempts to gain control of his restaurants before the Summer Olympics. One of his restaurants is situated less than a mile from the Los Angeles Coliseum.

Silberman, however, denies McDonald's has any interest in taking over the restaurants. "We don't want the stores for ourselves," Silberman says. "If he wishes to sell the stores we'll be happy to work that sale . . . [but] he rejected our offers."

Griffis was once a shining star in McDonald's franchisee network. A former Detroit resident, he moved quickly through the company's training program and was offered a franchised unit in Los Angeles a month after his name was put on the list of approved applicants.

McDonald's officials characterize Griffis as a good operator with a proven ability to take substandard restaurants and turn them into profitable units.

Griffis opened his first McDonald's restaurant in a black Los Angeles neighborhood in July 1977 and quickly succeeded where two previous franchisees had failed. The store went from a Triple F rating to high B and A ratings after he bought it. He opened his second and third restaurants in January 1979, and April 1980. Both were "recycled" restaurants in poor neighborhoods.

Griffis bought his fourth unit from another franchisee in October 1981, but was growing frustrated by McDonald's refusal to sell him a unit in a white neighborhood. When a new restaurant in a white suburb became available, Griffis says he made an offer for it but was again turned down.

He took his case to McDonald's ombudsman, who investigated Griffis and told company officials that Griffis should be allowed to expand. The restaurant, however, was sold to a white operator.

In 1983, Griffis's four restaurants had annual sales ranging from $1.2 million to $1.7 million each. An average domestic McDonald's restaurant reported sales of about $1.2 million last year.

Griffis says his sales would have been even higher if McDonald's had not insisted on opening restaurants too close to his and other Los Angeles operators' sites.

The relationship between Griffis and McDonald's began to deteriorate in 1980 when Griffis began complaining bitterly about not being able to open a restaurant outside the inner city. "They got real serious with me, they started messing with me," Griffis recalls.

Silberman, however, says it was simply a matter of Griffis being impatient with the system. Because of McDonald's, Griffis can afford to own a Mercedes-Benz, a Rolls-Royce and a Ferrari, and is being ungrateful, he adds.

In his first four years, Griffis "got really what no other franchise operator has achieved—he went from no stores to four stores," Silberman says. Out of

*(Continued on page 245)*

# *Liquor industry growth stymied*

*(Continued from page 225)*

tion from imports, weak prices, slowing demand and burdened by large inventories, major producers offered substantial discounts to move products" last year, the Commerce Department report noted. "Smaller wineries, including those producing the more costly varietal wines, were especially hard-pressed."

Although profit figures for the wine industry are difficult to collect since most wineries are privately held, Government officials said that "industry sources" indicate that most domestic wine producers are having trouble generating profits.

Last year wine imports increased by 10% to an estimated $1 billion, and currently equal about 36% of total domestic shipments, the Department's latest figures show.

At the same time, new Census Bureau figures indicate that the average price per gallon of imported wines declined by approximately 1% during the first six months of 1983.

"For the past several years, foreign currency exchange rates favored French and Italian exporters of wine to the United States," the Commerce Department said. "Low prices and bountiful production of quality wines from abroad, especially white wines from italy, have enabled imported wines to gain an increasing share of the United States market."

- DISTILLED SPIRITS: The inflation-adjusted value of distilled spirits shipments rose "very slightly" last year to $3.2 billion, after falling more than 3% during 1982, according to the new Government outlook.

The growth in total shipments slowed to an annual average of only 1.3% after inflation during the 1980-1983 period, "reflecting the declining popularity of full-flavor whiskey and bourbon," the Commerce Department researchers said.

Meanwhile, total United States consumption of distilled spirits declined by an estimated 1% last year, while per-capita liquor drinking dropped 2.2%, the latest figures indicate.

This reverses the trend of the decade from 1973 to 1983 when consumption rose at annual rates averaging 0.6%, the study disclosed.

"Whiskey has been declining in popularity for some time," and since 1972 average consumption has dropped almost 2% each year, the report said. Although imported whiskeys fared better during this period (increasing about 1% annually) consumption of domestic varieties fell more than 4% each year.

"In recent years, consumers increased their purchases of the so-called 'white spirits," which include gin, vodka and rum," Federal industry researchers said.

Over the past ten years consumption of these spirits rose at an annual rate of nearly 4%, and for the last three years "a United States brand of rum has been the best-selling liquor," they noted.

Again, shifting demographics contributed to these market changes, the Commerce Department indicated.

During the first eight months of 1983, consumer prices for distilled spirits rose only 2.6%, while wholesale prices increased just 1.8% (following hikes of 9.4% and 4% during the previous two years.)

# Independents coping with seafood shortages

(Continued from page 5)
also operates Bastille and George's, said he is taking 10-oz. salmon trout from Europe, cutting them in half and plating them with a small portion of another entree item, making several combinations with shrimp and preparing a scallopini with tuna.

Nick Psigakos, manager and purchasing director of Sea-Fare of the Aegean in New York City, where 245 seats yield annual sales of $4 million, said, "We overcome high prices by giving customers something unusual."

Harry Harrison said he inserts on daily menus a computer printout that gives new prices and items, as rising costs and declining availability force changes. Harrison runs More Fun & Food, a Santa Monica, Calif., W. R. Grace subsidiary he developed that operates two restaurants called Gladstone's 4 Fish, two called R. J.'s and has a fifth, Jetty's, about to open.

The real problems, as noted, appear mainly to face independents and smaller operations.

Alex Stuart, owner of venerable, 126-year-old Harvey's in downtown Washington and a second, five-year-old Harvey's in Rockville, Md., observed "maybe there should be more sources of supply" for the independent restaurateur.

Dominant chains like Red Lobster feel somewhat insulated by their buying power.

"We don't have the same constraints," said an official of General Mills' Orlando, Fla., seafood dinnerhouse subsidiary. "We're more flexible—when we can't get flounder in Newfoundland we buy it in Europe. We buy at lower prices, too, that don't fluctuate as much."

In truth, even the hardest hit by current shortages or high prices said business today is at least as good, if not better, than last year.

But it should—and could—be even better, they believe.

"The consciousness of the public is turned toward fresh seafood," Maxwell's Danny Brown said.

"The trend is that way," agreed Psigakos, "for one thing because people are so weight and health conscious."

In addition, distribution to noncoastal markets has dramatically improved.

"Ten years ago when Tango started," Badonsky said, "you could only get basic staples in town. Today's popular flatfish weren't in restaurants in Chicago. Now I can get more fish on a regular basis here than in any market in the country."

Some nonrestaurateurs, looking at these trends, all but dismiss operators' complaints and point to a world seafood market with plentiful supplies and an advantage for United States buyers.

"Restaurants have a good deal going right now," said Lee Weddig, executive vice president of the National Fisheries Institute in Washington. "There's so much available and prices for the last year have, in fact, been relatively stable. The fluctuations are really normal and mostly seasonal. And the strength of the dollar against most foreign currencies makes buying overseas a good deal."

Operators reply that high prices do appear, from Government statistics (see charts), to have somewhat stunted the growth of seafood consumption.

Still, the shortages some say they are facing are admittedly far from universal. For one thing, unavailability of a product—the way overfished Alaskan king crab are unavailable—is rare. Price, location and buying power are currently all more important parts of the operator's equation.

Affected most by short supplies have been West Coast operators. They have been victimized by *El Nino* (pronounced nin-yo)—literally 'child of God,' a mystical-sounding name for a change in the jet stream, probably resulting from volcanic eruptions at Mount St. Helens in Washington four years ago and, more recently, at El Chacon in Mexico.

These shifts in the high-altitude air currents appear to have caused changes in Pacific coast sea currents. Puzzled fishing fleets have netted popular restaurant fare such as swordfish and thresher shark, only further north and hundreds of miles further out into the windy ocean than where they expected to find them. Large Mexican shrimp seem to have simply washed away. Salmon have been absent from their regular habitats for more than half a year.

# HoJo behind mid-priced Plaza Hotels

(Continued from page 5)
ness traveler the amenities they said were necessary.

While the new concept is launched, renovation of the entire Motor Lodge system continues. Within five years there will be 70 to 90 new Plaza Hotels and a completely refurbished Lodging chain.

The element tying the two concepts together is room design. The rooms in the Plaza Hotels are the same found in a Motor Lodge. Ferris expects business customers who are happy with the rooms at the Hotels will consider staying at a Motor Lodge when they are not on business.

By developing a full service, midprice hotel, execs say they are taking firm command of the midpriced business market, an area other chains are neglecting, according to Hostage.

Hostage suggests that the company's competition is involved in developing high-end concepts and is leaving a gap in the midprice market. Ramada is working on Ramada Hotels and Renaissance concepts. Marriott is working on the Courtyard.

The new hotels will benefit from recent improvements made in the Motor Lodge segment. Hostage has added a team of eight quality assurance personnel who will oversee the implementation of systemwide standards. A full sales department has been organized to sell Howard Johnson's rooms in Tokyo, London, Europe and the West Coast in addition to regional efforts. And recently, a marketing department with special programs for travel agents and a full line of incentives for different market segments has been created.

Of the six Plaza Hotels expected to open this year, the first will be a refurbished Sheraton Hotel in Washington, D.C., to be called the Washington Plaza Hotel. All hotels, ranging from 100 to 350 rooms, will bear the Howard Johnson's logo near the entryway.

# Golden Fried seeks Holly Farms units

(Continued from page 5)
sale is different because it does not represent the outright purchase of one chain by another.

It appears, though, that this is a major attempt by Holly Farms' parent Holly Farms Poultry to get out of the restaurant business. It is primarily in the food-products business. It also operates as a joint venture with Safeway Supermarkets 45 Holly Farms restaurants in Washington, D.C., Maryland, Virginia and parts of North Carolina. A spokesman said these were also for sale but were not part of the deal with Golden Fried.

Holly Farms Poultry is a wholly owned subsidiary of The Federal Company, a Tennessee-based holding company.

Ray Pierce, the former president of Holly Farms Fried Chicken, has reportedly resigned and could not be reached for comment. The 14-year-old chain is being run by Tom Mitchell, vice president, controller; Bruce Miller, vice president, personnel, and Larry Perry, vice president, engineering.

# Arby's net rises 41% to $10.6 million for fiscal year

(Continued from page 6)
Stock analysts have speculated that Posner might be interested in selling off either Arby's or Royal Crown's home furnishings business.

Belasco dismissed the idea as "just supposition." He did admit that "anything *could* happen."

Posner has said he wants to keep present management in place at Royal Crown, but certainly officials of neither RC nor Arby's are taking that as a guarantee.

The acquisition flurry at Royal Crown comes at a time when Arby's has been making news of its own with a slew of new product introductions: A fish fillet sandwich and croissant breakfast program most recently, and before that a bacon, cheddar cheese roast beef sandwich and a chicken breast sandwich.

## Abraham Wechsler, Restaurant Assoc. founder, dies at 83

(Continued from page 7)
Michael Slater in Moonachie as president and ceo.

Abe Wechsler also was a major philanthropist, active in Jewish philanthropies and other causes. He is survived by his wife, Jeanne; his son, Robert Wechsler, former Wechsler Coffee president and now an investor/consultant; two sisters, Elaine Ruth Slater and Grace Wechsler Forrest; 12 grandchildren, and 13 great-grandchildren.

# McD denies discrimination as court showdown looms

(Continued from page 228)
the 50 or so McDonald's franchisees in the Los Angeles area, only nine have more stores than Griffis, and they've been in the system longer, Silberman adds.

Rather than discriminate against him, he continues, McDonald's gave Griffis preferential treatment.

McDonald's turned Griffis's application for a fifth restaurant because he was "not qualified" to have it, Silberman says. "In 1982, he was told there are things you have to do to stay on the growth track."

Griffis, Silberman adds, was told he did not have the management developed for a fifth store nor the necessary cash. "McDonald's told him he was financially sound on the balance sheet but the amount of equity in McDonald's business was thin," Silberman says. "We told him he had to put his financial house in order."

Silberman's account is in direct contrast to the ombudsman's report that characterized Griffis as "expandable," meaning he had the equity and management depth to open additional units.

After Griffis filed his countersuit against McDonald's last year, the company started harassing him; he says: "Once McDonald's sues you, they get involved with others to bring pressure on you. McDonald's has enough muscle to cause you a lot of worry."

Worry for Griffis came in the form of a visit by the Internal Revenue Service, which checked his financial records, and another visit by McDonald's auditors who went through four years of financial records.

Then, on Dec. 15, Griffis got the worst news of all. He was notified by his food vendor, a major McDonald's supplier in California, that he was being put on a cash-on-delivery basis. This was after years of enjoying credit with the vendor.

The following day, the local operators' advertising council attached his checking account for $107,000. Griffis put his own money in escrow to remove the lien from his account.

"If I didn't have some money I'd have been out of business," he declares. Of the IRS audit, the lawsuit and the food vendor trouble, Griffis says bluntly, "McDonald's orchestrated all that. What they're trying to do is put pressure on me and tie up my cash flow. Then I can't get my food and they'll close my stores."

Silberman denies that McDonald's has been party to any harassment.

In the food vendor case, he says, "Not only did McDonald's have nothing to do with that but McDonald's asked them [the vendor] to cancel [the C.O.D. order].

Griffis says his wife, Patricia, obtained a $407,000 loan to open two franchised Popeyes fast-food chicken restaurants last year. Silberman, however, asserts the two units are "not Mrs. Griffis's business in any respect." He claims Griffis has been encouraging his McDonald's employees to work at the Popeyes units and has been supporting those restaurants with McDonald's funds.

McDonald's has been insisting all along that Griffis' charge of racial bias are merely a smokescreen and the case is nothing more than an attempt by the chain to have its franchisee play by the rules.

"What I think we have is an effort by Mr. Griffis to portray this as something it is not," Silberman says.

Griffis counters that it is impossible for him to play by the rules "if they change the rules for every game." He characterizes himself as a team player who has done "everything I could to keep this out of court.

Other black franchisees have complained over the years about McDonald's discriminatory policies. Last fall, the Black McDonald's Operators Association unanimously passed a resolution containing many of the complaints that Griffis has aired.

In November 1977, for example, Henry Clark, then a McDonald's franchisee, testified before the California State Assembly Finance, Insurance and Commerce Ad Hoc Subcommittee on Franchising that "McDonald's has a discriminatory policy with reference to minority franchisees."

On June 7, 1982, Rev. Jesse Jackson met with Reggie Webb, senior regional manager of McDonald's in Los Angeles, to discuss relationships between McDonald's and its black franchisees.

In February, the Los Angeles chapter of the N.A.A.C.P. disclosed it is launching an investigation of McDonald's and hinted that a boycott may be in the works if it found instances of racial bias.

"People told me McDonald's plays hardball," he says. "Nobody wants to mess with McDonald's. I don't know if I'm a fool or a martyr or what, but I don't let anyone slap my face. I had to sue for the things all black operators complain about."

# 7-Eleven set to expand its fast-food offerings

(Continued from page 5)
JT's is perhaps a joint venture with 7-Eleven. Actually, the shops bear the initials of Southland's chief officers, John Thompson, chairman, and Jere Thompson, president.

At the Dallas store, which is not typical of the standard 7-Eleven unit design, a major portion of the space is devoted to quick-serve foods. Included are a variety of Southland's fast-food entries, ranging from frozen foods for the microwave to a Fresh Fry section, to the new bakery and sandwich shop.

While the Dallas store was layed out to fit the available space and is not a prototype, Krysiak indicated that certain components of that store will be incorporated into 7-Elevens in the future.

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**Bar Management supplement—Inside**
**Franchising in the 80's—Pp. 36-39**

Nation's
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The Newspaper of the Food Service Industry

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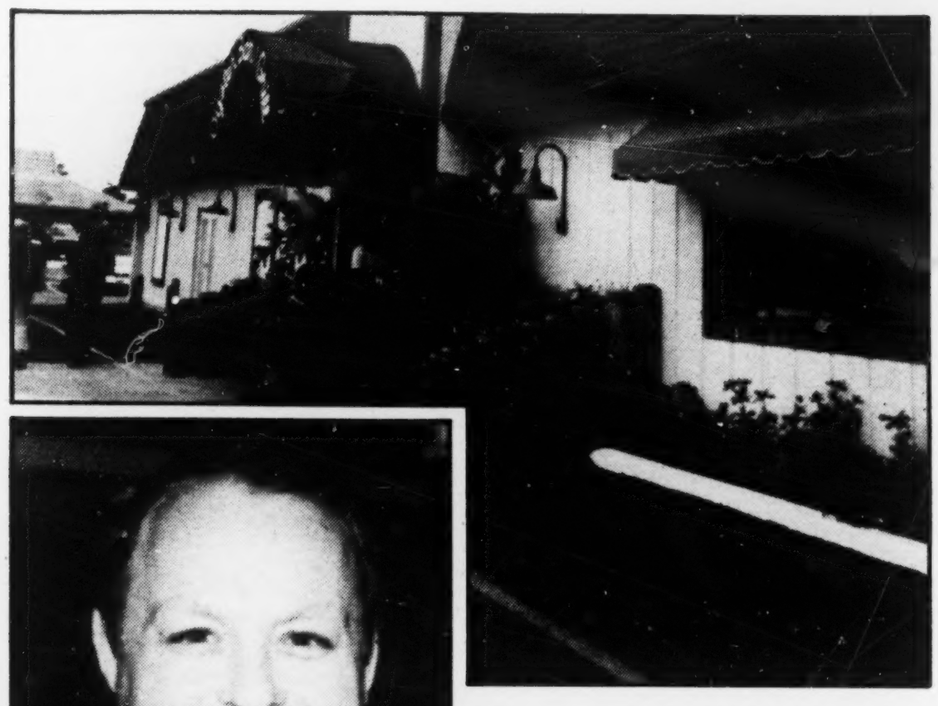


One experimental Red Lobster format under test in Florida features a wider, lower-priced menu, a singles-centered oyster bar and an open-to-view mesquite grill. Inset: Red Lobster president Bill Hattaway.

## Red Lobster slated for massive overhaul

By Rick Telberg

ORLANDO, Fla.—Delayed by complacency and a misreading of the reasons behind recent sales declines, General Mills' Red Lobster executives are finally mapping a dramatic overhaul of the 370-unit seafood dinnerhouse chain.

A still-experimental new format in nearby Kissimmee, one of 35 tests under way, incorporates a wider and lower-priced menu, a singles-mingling oyster bar and an open-to-view mesquite grill.

General Mills has earmarked $75 million over the next two years to rehabilitate the entire chain. Up to 120 units, at $200,000 a pop, could be done this year, with the rest to follow next year.

"This time we're tearing down the walls, literally," said Joe Lee, president of the General Mills restaurant group, comparing the current project to mostly superficial redecoration wrought in the mid-1970's.

The new format is clearly designed to boost traffic, apparently running below 1982 levels by about 6%, with profits down as much as 10%.

New menu items include linguini, priced at $2.50 to $7.95, with five sauces and three portion sizes geared to lunch, dinner and appetizers. Set to roll this month, they will be supported with advertising that touts price.

Other new menu items include some pages from the

(Continued on page 58)

*Rosenthal takes action*

## Renaud ousted at Jerrico; Tobe named president, ceo

By Charles Bernstein

LEXINGTON, Ky.—Acting in the face of flat traffic counts, steady earnings dips and a volatile stock listing that plummeted from $23 a share last fall to a recent $12, Jerrico founder and chairman Warren W. Rosenthal this month did the toughest thing he has ever had to do in a long line of tough decisions: He discharged perhaps his best friend, Ernest Renaud, who had succeeded Rosenthal as corporate president and ceo 1½ years ago.

Although officially it was the board of directors that voted on the action after a 12-hour marathon meeting behind closed doors, it was clearly Warren Rosenthal who agonized over it and decided what had to be done. It wasn't easy for Rosenthal, 60, considering that Renaud, 55, has been a loyal tower of strength in Rosenthal's Long John Silver's empire through thick and thin over the past decade.

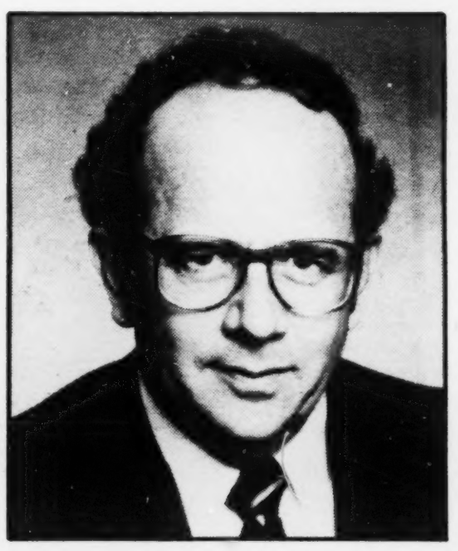
But Rosenthal's decision to promote financial and administrative-oriented John Tobe from executive vice president and chief financial officer to succeed Renaud as Jerrico president and ceo and as LJS president was widely hailed on Wall Street and by some franchisees as "a necessary move to get the company and the stock moving again."

Tobe, 44, was described by some outside sources as more assertive and "more of a ceo type." Tobe is known to have been extremely disappointed

(Continued on page 58)

Warren W. Rosenthal

Ernest Renaud



John Tobe

## PepsiCo plots fast nat'l growth for 41-unit bakery/cafe concept

MILL VALLEY, Calif.—Taco Bell and Pizza Hut franchisees and others from the PepsiCo family may hold the key to the national expansion strategy of La Petite Boulangerie, PepsiCo's newest food-service vehicle.

Combining a French-style retail bakery having exhibition ovens, with a sandwich-and-pastry cafe, the La Petite Boulangerie concept has grown to a 41-unit chain since it was acquired by PepsiCo as a three-unit operation in January 1982.

With the company itself so far developing four major West Coast markets, plus Denver, prospective franchisees are expected to come in large part from the ranks of the other PepsiCo food-service subsidiaries for nationwide development of the bakery/cafe chain.

Company sources say Pepsico was partly inclined toward development of the LaPB system to provide an avenue through which successful "family members" could continue to grow, in an area that would not compete with their Taco Bell and Pizza Hut ventures. Their proven track records and familiarity with their respective markets were seen as added advantages.

Since the company began franchising just last November, four ADIs in the West have been sold, including the most recent—for the Greater Portland, Ore., market—to 88-unit Calny Inc., Taco Bell's largest franchisee, based in San Mateo, Calif.

ADIs not for sale—those being developed by the company—are Los Angeles, Orange County, San Diego, Denver and the San Francisco Bay area (where the chain began in 1977 as the San Francisco Boulangerie).

Besides Calny's Portland-area territory, the three other already franchised ADI's are Stockton/Sacramento, Phoenix and San Fernando Valley/Ventura.

PepsiCo has deployed an experienced executive management team at La Petite Boulangerie, including a number of Burger Chef veterans. Heading the operation is president Terry Collins, who came up through the McDonald's ranks

(Continued on page 58)

*Shutters 35 units*

## Financial shortfall trips fast-moving Naugles Inc.

By Richard Martin

FULLERTON, Calif.—Facing mounting financial pressure, Naugles Inc. has closed some 35 unprofitable units and completely pulled out of some expansion territories in its rapidly growing 11-state chain of fast-food drive-thrus. The surprise move reduces the number of its burger-taco-burrito outlets to about 180 in eight states.

Naugles expects to report a net loss which could run between $4 million and $4.5 million for the third quarter ending April 5.

Additionally, chairman and ceo Harold Butler said the company would suspend franchising, slow its rate of expansion to 11 more units for the balance of fiscal 1984 and open only 35 to 40 more stores next year in its remaining markets.

All units in Texas, Oklahoma and Indiana have been closed and will be sublet. Naugles continues operations in California, Florida, Illinois, Missouri, Nevada, Utah, Wisconsin and Kansas, but will sublet closed units in each of those states except Kansas, where the company has one unit in the Kansas City, Mo., market.

Territorial franchise deals will proceed with Clark Stanley Corp. for the New York City area and with La Gracia Corp. for

(Continued on page 58)

## LATE NEWSBREAKS

**Marriott Corp., seeking to tighten the reins on its diverse 21-group Big Boy network, has restructured the management team. Marriott named Edward W. Doherty, vice president of Marriott Family Restaurants, to head the entire Big Boy franchise organization as well as company-owned Big Boys on the East Coast. Elmo Geoghegan, executive vice president, Big Boy West, will continue to direct company-operated Big Boys on the West Coast.**

**But in a possible blow against integration of the Big Boy system, a U.S. District Court judge in Ohio has denied a motion by Cincinnati-based Frisch's for a preliminary injunction to prevent Nashville-based Shoney's from opening Towne and Country restaurants in Kentucky and Florida.**

**Retail giant K mart Corp., which acquired 110-unit Furr's Cafeterias in 1980, has agreed to acquire Associated Hosts, operator of 78 casual theme Bombay Bicycle Clubs and Smugglers Inns dinnerhouses in 26 states.**

FINANCIAL NEWS

# Diversifoods suffers $2.4 million fourth-quarter loss

ITASCA, Ill.—Diversifoods, the company created late last year by the merger of Chart House and Godfather's Pizza, has reported a fourth-quarter net loss of $2.4 million for the period ended Dec. 31, as against a combined $8.9 million profit for the two firms a year earlier.

For the year, Diversifoods reported pooled net profit fell 26% to $20.5 million on a 16% revenue gain to $484.4 million. Fourth-quarter revenue was up 13.8% to $125.2 million.

The figures also include results of Pizza Ventures Inc., a franchisee that merged with parent Godfather's a few months before the formation of Diversifoods.

These results, however, include an after-tax charge to earnings of $12.5 million for merger expenses and the discontinuation of two former Chart House restaurant concepts—Cork 'N Cleaver and Cisco's Mexican restaurants. Without these charges, net profit for the year would have been $32.9 million, an 18.9% increase over fiscal 1982 results.

The majority of these one-time charges were reflected in Diversifoods' fourth quarter, when the merger took place. For that period the company reported a net loss of $2.4 million compared to a compiled net profit of $8.9 million for the year-earlier quarter. Revenue for the quarter was $125.2 million, a 13.8% increase over the previous year's fourth quarter.

### Change

In addition to merger expenses, company officials indicated that fourth-quarter results also reflect costs incurred to position the company for 1984 growth, including management personnel additions, product promotions and labor staffing improvements.

According to Donald N. Smith, Diversifoods president and ceo, the Cork 'N Cleaver and Cisco's concepts "offered limited growth opportunities for the company, particularly in franchising capability." These assets will be redeployed in concepts that offer greater return on investment and better growth potential for the company.

Desirable Cork 'N Cleaver and Cisco's locations, Smith said, will be used to develop Moxie's, with about 15 to 20 of the gourmet hamburger restaurants expected to open in 1984. There were only two Moxie's operating at the end of fiscal 1983.

Diversifoods and its franchisees, according to Smith, plan to open approximately 275 new restaurants during 1984, principally Godfather's Pizza and Luther's Bar-B-Que operations. About one-third of the Godfather's and one-half of the Luther's are slated to be company-owned restaurants.

Diversifoods, which operates the franchises more than 1,400 restaurants in the United States, Canada, Puerto Rico and the U.S. Virgin Islands, is the single largest franchisee of Burger King restaurants. In addition to Godfather's Pizza, Luther's Bar-B-Que and Moxie's, the company also operates Chart House restaurants.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended March 9 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 6.50 | 6.00 | 6.50 | .50 | 8.33 | 8.75 | .00 | -.61 | 1.67 | -3.71 | 26.92 | .40 | .40 F | NC | 10.0 | 4.3 | 16.3 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | .9 | .39 | 1.09 | 1282 |
| Acapulco Y Los | ALAR | 5.00 | 4.50 | 5.00 | .63 | 14.29 | 7.25 | 4.25 | -.37 | .36 | 7.66 | -31.47 | -2.05 | -2.13 Q | -775.0 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Am Motor Inns | INN | 30.88 | 28.75 | 29.88 | .13 | .42 | 38.50 | 27.13 | -.09 | -.10 | -2.91 | -35.07 | 2.52 | .55 S | 24.3 | 42.0 | 8.6 | 10.6 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 45.50 | 42.50 | 43.00 | -2.50 | -5.49 | 55.25 | 40.25 | -.41 | -.13 | -1.42 | 28.22 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 9.6 | 2.05 | 4.8 | 02-24-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 15.00 | 10.88 | 15.00 | 3.25 | 27.66 | 18.50 | 10.50 | -.28 | 3.69 | 5.18 | 20.40 | .72 | .45 Q | 128.5 | -1.0 | 3.6 | 18.8 | .12 | .8 | 03-06-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.75 | 3.50 | 3.50 | -.13 | -3.45 | 9.25 | 3.50 | -.36 | -1.07 | -2.21 | 10.65 | -1.30 | -2.34 Q | -285.3 | -53.0 | -6.8 | NE | .00 | .0 | 00-00-00 | 98.2 | -6.7 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 20.25 | 18.00 | 18.00 | -1.00 | -5.26 | 26.81 | 18.00 | -.45 | -.67 | 2.13 | -16.81 | .89 | .14 N | 16.8 | 21.0 | 7.5 | 18.6 | .26 | 1.4 | 02-10-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 6.63 | 6.00 | 6.63 | .63 | 10.42 | 11.25 | 5.38 | -.08 | 1.09 | -.81 | 37.96 | .55 | -.97 N | -118.2 | -6.0 | 2.8 | NE | .10 | 1.5 | 01-24-84 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 9.25 | 8.00 | 8.00 | -1.00 | -11.11 | 11.50 | 8.00 | -.21 | -1.79 | 4.00 | -89.37 | .53 | -.03 N | -4.9 | 8.0 | 4.6 | 13.8 | .16 | 2.0 | 01-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 4.75 | 4.50 | 4.50 | .50 | 12.50 | 8.38 | 3.50 | .73 | -.19 | 3.49 | -11.33 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0683 |
| Carrols Cp | CRL | 8.75 | 7.75 | 8.13 | -.25 | -2.99 | 11.88 | 4.88 | -.02 | .18 | .28 | -43.68 | .50 | .26 Q | 83.8 | 99.0 | 3.7 | 14.3 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 19.50 | 17.50 | 17.75 | -.13 | -.70 | 29.00 | 13.94 | -.08 | -.97 | -.97 | 49.97 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 33.5 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 13.63 | 12.25 | 12.38 | -.50 | -3.88 | 24.38 | 10.25 | .59 | -.02 | -2.01 | -22.25 | .64 | .15 Q | 32.6 | -2.0 | 2.9 | 20.3 | .50 | 4.0 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 22.75 | 21.75 | 22.00 | -.50 | -2.22 | 33.50 | 21.25 | -.13 | .16 | -.72 | -.36 | 1.66 | -.53 F | -24.2 | 3.0 | 6.8 | 13.3 | .72 | 3.3 | 01-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 2.88 | 2.63 | 2.88 | .25 | 9.52 | 4.00 | 2.63 | .00 | .51 | -1.39 | -52.31 | .13 | .46 S | NE | 30.0 | 2.1 | 9.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 17.00 | 15.75 | 16.25 | -.75 | -4.41 | 21.63 | 13.94 | -.40 | .38 | -.95 | -23.95 | 1.47 | .30 S | 22.5 | 28.0 | 3.8 | 10.0 | .20 | 1.2 | 12-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 21.50 | 17.38 | 21.38 | 3.88 | 22.14 | 21.50 | 14.53 | .38 | 1.73 | 2.15 | 3.21 | .08 | .57 S | NC | 86.0 | 1.3 | 37.5 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 13.88 | 12.75 | 12.88 | -.50 | -3.74 | 18.75 | 10.88 | .54 | -.92 | -2.73 | -23.33 | .26 | .30 S | 500.0 | 40.0 | 2.5 | 40.2 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 18.25 | 17.25 | 17.25 | .00 | .00 | 27.34 | 15.34 | .19 | -.72 | -4.19 | -35.64 | .86 | .10 S | 12.5 | 25.0 | 4.4 | 19.2 | .14 | .8 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 33.25 | 30.50 | 30.75 | -1.75 | -5.38 | 39.25 | 29.00 | -.01 | -.96 | 1.05 | 62.31 | 2.54 | .15 S | 5.8 | 12.0 | 3.8 | 11.4 | .72 | 2.3 | 03-06-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 15.13 | 14.13 | 15.00 | .63 | 4.35 | 25.50 | 12.75 | -.05 | .87 | 2.58 | -18.77 | .99 | .05 F | 5.3 | 58.0 | 6.8 | 15.2 | .00 | .0 | 00-00-00 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 19.00 | 18.38 | 18.50 | -.38 | -1.99 | 28.75 | 18.13 | -.12 | -.11 | -2.66 | -13.14 | 1.62 | .22 Q | 15.0 | 24.0 | 10.2 | 11.0 | .28 | 1.5 | 11-01-83 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| Fast Food Oper | POPI | 1.88 | 1.69 | 1.69 | .06 | 3.85 | 4.63 | 1.13 | .48 | -2.66 | 1.34 | 12.35 | .05 | .05 N | NC | 81.0 | 6.5 | 33.8 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 27.25 | 26.00 | 26.25 | -.63 | -2.33 | 32.94 | 14.91 | -.38 | -.38 | -6.15 | -9.62 | 1.85 | .77 S | 51.3 | 25.0 | 3.7 | 11.6 | .40 | 1.5 | 11-28-83 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 6.50 | 5.88 | 6.00 | .00 | .00 | 15.88 | 5.63 | -.47 | -1.11 | -.44 | 27.07 | -.20 | -.46 N | NC | 12.0 | -3.2 | NE | .00 | .0 | 00-00-00 | 25.0 | -.8 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.50 | 10.25 | 10.50 | .25 | 2.44 | 12.00 | 8.25 | .31 | .59 | -1.65 | .00 | -1.10 | -2.11 Q | -185.0 | -33.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 51.00 | 48.00 | 48.88 | .63 | 1.30 | 60.25 | 43.00 | -.22 | -.35 | -1.03 | 30.37 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 11.6 | 1.80 | 3.7 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 45.13 | 41.75 | 44.25 | 2.00 | 4.73 | 59.00 | 38.00 | -.23 | .80 | .06 | 37.79 | 3.28 | .78 F | 31.2 | 12.0 | 7.8 | 13.5 | .90 | 2.0 | 03-12-84 | 1585.1 | 124.4 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 18.88 | 15.38 | 17.25 | -.25 | -1.43 | 30.78 | 15.31 | -.41 | .11 | 3.65 | -13.34 | .70 | .46 N | 76.6 | 80.0 | 2.8 | 16.3 | .00 | .0 | 11-25-83 | 235.4 | 6.6 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 7.00 | 6.00 | 6.00 | -.75 | -11.11 | 11.13 | 6.00 | -1.00 | -1.75 | -3.43 | 6.47 | .00 | -.79 Q | -114.4 | -16.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 33.00 | 33.00 | 33.00 | .00 | .00 | 40.00 | 28.00 | -.06 | .55 | -5.32 | -15.00 | 2.94 | .77 F | 35.4 | 72.0 | 6.2 | 11.2 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 14.63 | 12.75 | 14.63 | 1.13 | 8.33 | 23.00 | 8.69 | -.33 | 2.18 | -2.16 | 27.39 | .92 | .94 S | 241.0 | 63.0 | 4.8 | 11.0 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 13.63 | 13.00 | 13.38 | .38 | 2.88 | 18.13 | 11.50 | -.09 | .11 | -2.02 | -44.44 | 1.00 | .06 Q | 6.2 | 22.0 | 4.1 | 13.1 | .20 | 1.5 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 13.88 | 11.88 | 13.75 | .00 | .00 | 23.13 | 11.88 | -.25 | .45 | -2.40 | -5.88 | 1.33 | -.07 S | -5.3 | 17.0 | 4.6 | 11.1 | .12 | .9 | 01-30-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 4.63 | 3.88 | 3.88 | -.75 | -16.22 | 10.75 | 3.88 | -.84 | -.81 | 2.00 | -5.77 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 8.75 | 7.63 | 7.88 | -.75 | -8.70 | 18.75 | 6.75 | -1.81 | -.81 | .49 | -17.57 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 78.8 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 26.50 | 23.75 | 23.75 | -2.00 | -7.77 | 43.75 | 23.00 | -.11 | -2.04 | -2.50 | 12.53 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 15.5 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.25 | 32.50 | 32.63 | -.63 | -1.88 | 39.75 | 28.00 | .13 | -.64 | .38 | -13.77 | 1.53 | .18 Q | 12.8 | 28.0 | 9.8 | 20.6 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.38 | 11.75 | 12.25 | .50 | 4.26 | 15.13 | 10.00 | -.19 | 1.59 | -5.97 | 20.61 | 1.28 | .27 S | 23.6 | 7.0 | 6.1 | 8.7 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 65.25 | 63.25 | 63.88 | -.13 | -.20 | 81.00 | 56.00 | -.03 | .40 | -1.30 | 13.10 | 4.15 | .71 F | 20.6 | 37.0 | 3.8 | 15.4 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 66.50 | 63.13 | 65.00 | -.25 | -.38 | 74.50 | 55.75 | .05 | .16 | -.09 | -4.74 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 11.3 | 1.00 | 1.5 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 15.13 | 13.38 | 14.00 | -1.13 | -7.44 | 21.06 | 13.38 | -.44 | .64 | 3.52 | 20.64 | 1.34 | .19 S | 15.4 | 13.0 | 4.5 | 9.9 | .40 | 2.9 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 8.13 | 7.50 | 7.63 | -.38 | -4.69 | 10.50 | 4.25 | -.48 | .54 | -8.20 | -36.70 | .45 | 1.46 Q | NE | -25.0 | 1.1 | 16.9 | .00 | .0 | 05-29-80 | 63.2 | .7 | 1.3 | 4.01 | 4.26 | 0983 |
| Nathans | NATH | 2.50 | 2.25 | 2.50 | .00 | .00 | 3.63 | 1.44 | .75 | .59 | .04 | -23.77 | .09 | .12 N | 120.0 | 25.0 | 1.1 | 11.4 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 14.50 | 9.25 | 10.00 | -4.75 | -32.20 | 32.75 | 9.25 | -.81 | -9.88 | 8.00 | 27.63 | .70 | -.10 S | -13.3 | 59.0 | 3.6 | 15.4 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 17.50 | 16.00 | 17.50 | 1.50 | 9.38 | 18.50 | 14.00 | .43 | .56 | 10.81 | .00 | .84 | .15 F | 21.7 | -10.0 | .3 | 20.8 | .32 | 1.8 | 12-08-83 | 160.4 | .5 | .7 | 7.17 | 14.49 | 0983 |
| Peoples Rest | PEPL | 5.00 | 3.88 | 5.00 | .63 | 14.29 | 15.13 | 3.88 | -1.09 | 5.31 | 4.12 | -22.67 | .28 | .04 S | 22.2 | 99.0 | 7.5 | 22.7 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 17.50 | 16.38 | 16.38 | .00 | .00 | 17.88 | 12.75 | .40 | -1.23 | 3.03 | -15.21 | .99 | -.43 S | -33.0 | 2.0 | 3.9 | 18.8 | .60 | 3.7 | 03-09-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 11.63 | 10.00 | 11.25 | 1.00 | 9.76 | 17.50 | 7.84 | -.31 | .45 | -1.48 | -41.81 | .55 | .70 N | 179.4 | 9.0 | 1.3 | 10.3 | .08 | .7 | 01-10-84 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 5.50 | 4.13 | 5.38 | .25 | 4.88 | 26.00 | 3.38 | .03 | 3.72 | -1.06 | -10.38 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 13.88 | 13.25 | 13.63 | .25 | 1.87 | 16.75 | 12.75 | -.20 | .17 | .56 | -7.20 | .37 | .41 Q | NC | 4.0 | 1.9 | 33.2 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.50 | 19.63 | 19.75 | -1.00 | -4.82 | 25.25 | 16.00 | -.22 | -.52 | -.23 | -2.76 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 16.7 | .40 | 2.0 | 03-02-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 7.75 | 6.88 | 7.38 | -.25 | -3.28 | 11.88 | 6.88 | -.58 | .08 | -2.99 | -17.62 | .13 | .86 F | NE | -24.0 | .7 | 56.7 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 16.75 | 16.75 | 16.75 | .50 | 3.08 | 23.25 | .00 | -.14 | .55 | .34 | -29.37 | .57 | .63 Q | NC | 57.0 | 3.8 | 26.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.75 | 7.13 | 7.38 | .13 | 1.72 | 11.38 | 7.00 | -.52 | -.12 | 2.34 | -17.70 | .88 | .10 F | 12.8 | 31.0 | 1.9 | 8.4 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 18.25 | 16.00 | 18.00 | 1.50 | 9.09 | 28.25 | 14.25 | -.39 | .00 | .35 | 54.00 | .52 | .20 F | 62.5 | 86.0 | 10.6 | 34.6 | .00 | .0 | 04-20-83 | 19.8 | 2.1 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 28.00 | 25.50 | 26.50 | 1.13 | 4.43 | 40.25 | 22.19 | .29 | -.11 | -5.74 | -10.40 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 11.7 | .44 | 1.7 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 11.75 | 9.75 | 11.75 | 2.00 | 20.51 | 15.50 | 9.00 | .26 | 5.59 | 5.44 | 53.51 | .70 | -.18 S | -23.6 | 17.0 | 4.5 | 20.3 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.00 | 8.13 | 9.00 | .63 | 7.46 | 15.00 | 7.50 | .43 | 1.07 | -.67 | -7.30 | .23 | -.12 F | -34.2 | 5.0 | 1.2 | 39.1 | .00 | .0 | 06-02-81 | 73.0 | .9 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.00 | 13.50 | 14.50 | .50 | 3.57 | 18.00 | 12.72 | -.42 | -1.12 | -.76 | 32.48 | .67 | -.35 N | -36.8 | 26.0 | 1.5 | 24.2 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.50 | 21.88 | 22.25 | .38 | 1.71 | 27.38 | 20.00 | .09 | -.56 | .05 | -8.45 | 1.17 | .25 F | 27.1 | 37.0 | 6.0 | 19.0 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Sizzler Rest Intl | SIZZ | 10.75 | 9.75 | 10.38 | .63 | 6.41 | 16.25 | 8.75 | .16 | .76 | -2.14 | -9.63 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 10.0 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.75 | 9.25 | 9.50 | -.25 | -2.56 | 15.50 | 7.16 | -.01 | 1.09 | -3.99 | -17.39 | .81 | .33 F | 68.7 | 25.0 | 4.0 | 11.7 | .06 | .6 | 10-11-83 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | .14 | .56 | 8.90 | 43.24 | 1.02 | .65 F | 175.6 | -6.0 | 2.3 | 17.2 | .26 | 1.5 | 10-05-83 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.88 | 4.25 | 4.50 | .25 | 5.88 | 7.50 | 4.25 | .11 | -.98 | 6.84 | -2.91 | .27 | .07 S | 29.1 | 89.0 | 3.8 | 14.5 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 7.88 | 7.63 | 7.63 | .25 | 3.39 | 10.00 | 4.13 | -.39 | .39 | -4.04 | -37.82 | .29 | .07 Q | 31.8 | 67.0 | 2.1 | 26.3 | .00 | .0 | 05-17-79 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| Victoria Stations | VSTA | 6.38 | 5.50 | 5.88 | -.50 | -7.84 | 13.63 | 5.50 | -.65 | 1.01 | -4.50 | 7.11 | .39 | -1.81 N | NE | -85.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -6.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 20.00 | 19.00 | 19.38 | -.63 | -3.13 | 22.00 | 14.38 | .31 | .11 | -.07 | -13.29 | 1.35 | .22 F | 19.4 | 20.0 | 7.7 | 14.4 | .32 | 1.7 | 11-03-83 | 720.4 | 55.2 | .8 | 2.53 | 6.50 | 1282 |
| Western Steer | WSMP | 10.00 | 9.75 | 9.75 | -.25 | -2.50 | 17.50 | 9.75 | -.61 | .81 | -2.25 | 34.84 | .92 | -.07 N | -6.1 | 7.0 | 3.3 | 9.2 | .16 | 1.6 | 11-18-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 11.63 | 11.00 | 11.50 | .50 | 4.55 | 17.13 | 10.75 | -.58 | [illegible] | -.64 | -53.35 | .63 | .00 F | .0 | 9.0 | 3.3 | 18.3 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

BEST COPY AVAILABLE

FINANCIAL NEWS

# Beefsteak Charlie's suffers $777G loss in 1st quarter

NEW YORK—Customer count erosion continues to plague Beefsteak Charlie's which reports a $777,000 loss on 9% drop in revenue to $20 million for the first quarter ended Jan. 21 compared to year-earlier results when the chain posted a $333,000 net profit.

Reduced customer traffic coupled with increased labor and other costs contributed to the operating loss, a spokesman said.

In an effort to win back customers, Beefsteak Charlie's last year started renovating many of its 68 dinnerhouses and rolling out lower-priced menu items chainwide. It is also converting some units to a new upscale burger concept called Daly's Dandelion.

At the seven restaurants that have been renovated, customer counts are "running well ahead of the chain's average," a spokesman said.

Beefsteak Charlie's established its reputation in the mid-1970's as a value-oriented chain by promoting complete dinners with steak entrees, unlimited shrimp and salad bars and beer, wine or sangria for one price.

Wholesale food-price hikes in recent years led to higher menu prices and as average checks rose, customers went elsewhere.

To re-establish its price-value relationship in consumers' minds, the chain is adding à la carte steak dinners and lower-priced Mexican and seafood items. A recent TV ad campaign emphasizes Beefsteak Charlie's "quality and value."

Meanwhile, the first Daly's Dandelion upscale burger restaurant opens next month in Nanuet, N.Y., in a converted Beefsteak Charlie's. The unit will feature freshly ground burgers with "gourmet" toppings, premise-made pastas and baked goods, salads, appetizers, specialty drinks and desserts.

In an interview last month in *Nation's Restaurant News*, vice president-treasurer Marvin Shore said three Daly's Dandelions will be open by summer and, if they do well, a substantial number of Beefsteak Charlie's will be converted to the new concept.

# Sizzler net up 30%; fish test expands

LOS ANGELES—Buoyed by nine-month profit running 30% above last year, Sizzler Restaurants has begun a 20-unit test of daily fresh fish specials in the Phoenix and Atlanta markets.

Called "Operation Crow's Nest" within the company, the rest project began with seven units in Phoenix and was recently expanded to 13 more in Atlanta. A single-unit test of the fresh fish concept is expected to begin soon in the 450-unit chain's newest steak-and-salad bar restaurant, which opened earlier this month here in Los Angeles.

Sizzler has offered frozen shrimp, crab legs and finned fish on its standard menu and as promotional specials for sometime; but the "Crow's Nest" offerings include one or two never-frozen items each day such as grilled red snapper, sea bass, monkfish and swordfish, ranging in price from about $3.99 to $5.99.

The test also involves a somewhat expanded all-you-can-eat salad and fruit bar, and some prefrozen fish items like orange roughy poached in white wine.

Promotions in the test markets put forth the theme "We've changed because you've changed," stressing the apparent taste trend toward fresh, lighter dishes. Dollar-off coupons for catch-of-the-day items are running in local newspaper ads.

Sizzler president Tom Gregory said the "Crow's Nest" project was designed to test the level of customer demand and the consistency of supply lines. Purchasing of fresh product is being done at corporate headquarters here, with input from unit managers limited to quantities only.

While noting that early indications are positive, Gregory said it is still too early to make definite conclusions about expansion of the concept. However, if the tests are judged successful, fresh fish could be rolled out chainwide this year, he added.

Meanwhile, Sizzler reported an 11% gain in net profit over last year's third quarter to $1.5 million for the period ended Jan. 31. Third-quarter revenue was up 12% to $33.4 million.

Sizzler said severe winter weather depressed third-quarter results in many parts of the country; however, "excellent gains" in average unit volumes and customer counts elsewhere helped offset weather-related setbacks.

For the nine months ended Jan. 31, net profit was up 30% over the like period last year to $5.46 million. Revenue for the nine months increased 9% to $104.6 million.

At the end of the third quarter, Sizzler opened the first unit of its newest concept, Emma's Taco House, in Las Vegas. The company expects to open a second unit in Chicago by June, and a third in northern California later in the year.

# Shoney's South net jumps 157% to $4.9M in '83

MEMPHIS—Shoney's South reported net profit for the fiscal year ended Dec. 25, up a whopping 157.8% to $4.9 million over fiscal 1982.

Revenue increased 16.8% to $143.1 million.

For the fourth quarter net profit jumped 342% to $1.06 million and revenue 16% to $33.4 million.

Shoney's South owned or operated 185 restaurants at year-end, compared to 181 the previous year.

The company attributed increases in net profit to reduced interest costs, higher sales volumes, greater operating efficiencies and effective cost controls.

"More than any other factor, profit increased because of increases in average store volumes," stated chairman James Prentiss. "That was due in part to the recovery, and the continuing effect of the breakfast bars, remodeling of stores and adding atriums."

The restaurant concepts Shoney's South owns, operates or franchises include Shoney's Big Boy, Captain D's, Hungry Fisherman, Willie Moffatt's and Danver's.

Some average per-person checks are: Shoney's Big Boy, $3.27; Captain D's, $2.83 at lunch, $3.82 at dinner, and Danver's, $3.85 at lunch.

# Vicorp profit rises 96% in first qtr.

DENVER—Vicorp Restaurants Inc. reported that net profit for the first quarter, ended Feb. 5, jumped 96%, compared to the same period last year to more than $1 million.

Revenue for the quarter went up 131% to $34 million.

Vicorp operated or franchised 256 restaurants at quarter's end—130 company-owned and 126 franchised. In the same period last year it had a total of 191 restaurants.

First-quarter results included sales and profits from the Baker Square restaurant group, formerly Poppin Fresh Pies, which Vicorp purchased from The Pillsbury Company last May.

In February this year Vicorp bought the Continental Restaurant Systems division of Foodmaker Inc. for about $61 million. The division formerly a wholly owned subsidiary of Ralston Purina, operates 71 dinnerhouses.

# Sandwich Chef profit up $105G

BIRMINGHAM, Ala.—Sandwich Chef, operator of 195 sandwich shops, posted $105,300 in net profit for the second quarter ended Dec. 31, 37% less than the year before. Sales, meanwhile, gained 38% to $6.2 million.

For the six-month period, net slipped 29% to $270,400 and sales advanced 34% to $12.3 million.

President Alan V. Kaufman blamed the second poor quarter in a row on low occupancy rates in Houston office buildings, where a number of Sandwich Chef units are located.

He projected strong gains in second-half pretax profits from reduced overhead and renegotiated leases.

# Trolley Chef raises $500G in public offering

POMPANO BEACH, Fla.—Trolley Chef Inc., a startup company which operates snack stands in two South Florida Zayre department stores, has raised $500,000 in a public offering sold only in Rhode Island and New Jersey.

The proceeds from the 500,000-share offering, which is 15% of the company's stock, were to be used for short-term working capital. The company is so new it didn't furnish audited income statements.

Trolley Chef's developers, who plan to install two more snack bars in Zayre stores, have backgrounds in hotel management, real estate development, tax shelter sales and textile manufacturing.

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## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Associated Hosts | 3 mos. | 12/29 | | | $ 22.800 | 11.0 | $ 0.794 | 85.0 |
| A&M Food Services | 3 mos. | 12/27 | $ 8.100 | 33.0 | | | 0.249 | – 17.0 |
| | 12 mos. | | | | 25.000 | 21.0 | 1.100 | 18.0 |
| Beefsteak Charlie's | 3 mos. | 1/21 | | | 20.000 | – 9.0 | (0.777) | — |
| Big Bite | 3 mos. | 9/30 | | | 4.700 | — | 1.500 | — |
| Diversifoods | 12 mos. | 12/31 | | | 484.000 | 16.0 | 20.500 | – 26.0 |
| Greyhound | 3 mos. | | | | 432.200 | – 23.5 | 24.200 | 2.5 |
| | 12 mos. | | | | | | 105.500 | 2.3 |
| Int'l Dairy Queen | 3 mos. | 11/30 | | | 23.500 | 19.5 | 0.982 | 11.7 |
| | 12 mos. | | | | 99.300 | 17.5 | 7.200 | 16.7 |
| Luby's Cafeterias | 3 mos. | 11/30 | | | 38.900 | 14.0 | 3.600 | 14.0 |
| McFadden Ventures | 12 mos. | 11/30 | 32.000 | 38.0 | | | 3.100 | 76.0 |
| Pancho's | 3 mos. | 12/31 | | | 6.900 | 16.0 | 0.206 | 20.0 |
| Sandwich Chef | 3 mos. | 12/31 | 6.200 | 38.0 | | | 0.105 | – 37.0 |
| | 6 mos. | | 12.300 | | | | 0.270 | – 29.0 |
| Shoney's South | 3 mos. | 12/25 | | | 33.400 | 16.0 | 1.060 | 342.0 |
| | 12 mos. | | | | 143.100 | 16.8 | 4.900 | 157.8 |
| Sizzler Restaurants | 3 mos. | 1/31 | | | 33.400 | 12.0 | 1.500 | 11.0 |
| | 9 mos. | | | | 104.600 | 9.0 | 5.460 | 30.0 |
| Steak 'n Shake | 3 mos. | 12/21 | | | 15.700 | 8.5 | 0.587 | 55.0 |
| Vicorp Restaurants | 3 mos. | 2/5 | | | 34.000 | 131.0 | 1.000 | 96.0 |
| Vie de France | 6 mos. | 12/11 | | | 24.200 | 32.0 | 2.400 | 32.0 |
| Western Steer | 3 mos. | 11/4 | | | 9.020 | 28.0 | 0.494 | 65.0 |
| | 9 mos. | | | | 24.700 | 25.0 | 0.949 | 34.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

FRANCHISING IN THE 80'S: PART 1

# Franchised food-service sales grow 13% in '83

By Ken Rankin

WASHINGTON—Sales at franchised food-service outlets will rise 14% to $44 billion this year as the number of units in operation increases by about 6,000 to more than 51,000, according to a new report issued by the United States Commerce Department.

Food-service chains that franchise roared out of the recession with an overall 13% sales increase and a net gain of more than 4,500 new units in 1983, says the report, entitled *Franchising in the Economy.*

If the Government's 1984 forecast is on target, the nation's food-service franchisors will be operating nearly 75,000 company and franchised establishments by the end of this year

—more than double the total 36,340 franchise food-service units operating at the end of 1973.

More than 70% of the new food-service outlets opened by franchise chains in 1983 were licensed to franchisee operators, and if that ratio holds up this year franchisee-owned restaurant units alone could approach 51,800 by year end.

Although total franchise restaurant sales rose 13.2% to $38.7 billion last year, according to the newly released Government figures, sales by franchisee-owned food-service establishments climbed even faster (13.3%), from $22.2 billion in 1982 to $25.1 billion in 1983.

This year, the forecast again projects most of the sales gains registered by franchise restaurants will be rung up by franchisees rather than by company-owned outlets.

The nearly $39 billion in sales reported by franchise restaurant chains represents a more than tenfold increase over the total of 15 years ago, when the Commerce Department first started tracking franchise sales on an industry-by-industry basis.

In 1969, the Government reported total restaurant franchise sales at less than $3.8 billion.

On a per-unit basis, the new study indicates that dollar sales in the average franchise restaurant outlet rose by $30,000 (5.6%) last year to $562,000. The forecast for 1984 projects sales per establishment climbing by a slightly smaller amount ($28,000 or 5%) to an average of $590,000.

Company-owned and operated units enjoyed significantly higher sales per outlet than franchisee-owned restaurants last year ($634,000 vs. $530,000) and that discrepancy is expected to continue during 1984, according to the Commerce Department analysis.

Of the 458 restaurant industry franchisors participating in the Government study, 110 operate full-menu steak houses, 106 specialize in pizza, 102 feature "hamburgers, franks, roast beef, etc.," and the remainder are divided among chicken, seafood, Mexican specialty, pancake, sandwich and other menu specialties.

By far, however, burger chains such as McDonald's, Wendy's, Burger King continue to dominate restaurant franchising, both in terms of sales and unit counts.

By the end of last year, the nation's burger chains boasted a total of 28,563 outlets across the country—more than 41% of all food-service franchise establishments—which generated sales of nearly $19 billion (49% of all dollar volume rung up by franchise restaurants during 1983).

Pizza outlets ranked a distant second last year, with 17.5% of the units (and 11.4% of sales), while franchise steak houses placed third in store count (13.7% of the outlets) but second in dollar sales (18.8%).

In terms of sales per outlet, the report reveals wide differences between the various restaurant segments.

*(Continued on page 38)*

FRANCHISE RESTAURANT SALES GROWTH: 1969-84

| Year | (000) Total | Company-Owned | Franchisee-Owned | % Sales Increase From Previous Year |
|---|---|---|---|---|
| 1984* | $44,147,609 | $15,360,844 | $28,786,765 | 14.2 |
| 1983* | 38,664,217 | 13,536,111 | 25,128,106 | 13.2 |
| 1982 | 34,158,518 | 11,985,068 | 22,173,450 | 13.7 |
| 1981 | 30,042,348 | 10,783,206 | 19,259,142 | 7.8 |
| 1980 | 27,867,046 | 9,129,708 | 18,737,338 | 12.5 |
| 1979 | 24,765,916 | 8,076,401 | 16,689,515 | 17.4 |
| 1978 | 21,100,788 | 6,733,545 | 14,367,243 | 16.1 |
| 1977 | 18,180,404 | 5,653,160 | 12,527,244 | 24.5 |
| 1976 | 14,606,313 | 4,647,136 | 9,959,177 | 19.1 |
| 1975 | 12,261,964 | 4,017,861 | 8,244,103 | 18.5 |
| 1974 | 10,350,567 | 3,335,338 | 7,015,229 | 21.3 |
| 1973 | 8,534,094 | 2,604,851 | 5,929,243 | 25.6 |
| 1972 | 6,797,405 | 1,753,297 | 5,044,108 | 15.6 |
| 1971 | 5,844,950 | 1,450,731 | 4,394,219 | 27.9 |
| 1970 | 4,602,111 | 1,123,314 | 3,478,797 | 21.4 |
| 1969 | 3,790,126 | 892,382 | 2,897,744 | NA |

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

*1983 and 1984 figures are company estimates.

# Capitol needs rise as agreement lengths fall for average licensee

WASHINGTON—The capital needed to purchase a franchised burger restaurant, pizza outlet or other food-service franchise has increased sharply since 1979, according to an analysis of the latest Government franchising studies.

At the same time, the average length of restaurant franchise agreements is growing shorter, while the likelihood that food-service franchisors will unilaterally refuse to renew those contracts is on the increase.

NEWS ANALYSIS

According to the Commerce Department's freshly released study, *Franchising in the Economy,* between 1982 and 1984 the average per-unit dollar sales of all franchisee-owned restaurant outlets is increasing rapidly. And to an extent, this increase in per-unit dollar volume coupled with general inflation may justify at least part of the recent increases in franchisee capital investment demanded by fast-food chains and other food-service franchisors.

*The average total dollar investment required of new restaurant franchisees climbed more than three times faster than average sales per unit between 1979 and 1982.*

Between 1979 and 1982 (the most recent year for which Commerce Department researchers reported "nonestimated" data on franchising) annual dollar sales by the average franchisee-owned restaurant establishment rose from $397,000 to $502,000—an increase of just over 26%.

But during that same three-year period the average total dollar investment required of new incoming restaurant franchisees climbed more than three times faster than average sales per unit.

In 1979, for example, Commerce Department experts reported that the median total investment demanded of new food-service franchisees was $155,000. But for 1982, the Department disclosed that individuals purchasing a franchised restaurant establishment during that year were required to come up with an average total investment of $285,000—an increase of more than 83%.

Although averages can sometimes be misleading, there are also significant increases in franchisee dollar investment requirements at both the high and low ends of the spectrum.

During 1979, for example, prospective franchisees could still find opportunities to purchase a franchised food-service operation for as little as $18,000. In 1982, however, the cheapest restaurant franchise reported by Government market analysts carried a total price tag of $20,000 (including equipment, supplies, etc., as well as franchise fees).

On the opposite end of the scale, the most expensive food-service franchise (in terms of total franchisee investment costs) was $1.2 million. By 1982, however, the dollar ceiling had been raised 67% to $2 million.

The typical "start-up" capital required of new food-service franchisees is also rising rapidly.

During 1979, the median restaurant franchise required an initial investment of $50,000 by new franchisees, while the most expensive called for a "start-up" investment of $500,000. By 1982 both of these figures had increased by 50% (to $75,000 and $750,000, respectively).

(Significantly, the lowest start-up cash requirement of any restaurant franchisor—$5,000—remained constant during that three-year period.)

### Trend

One explanation for the upsurge in franchisee investment costs is the trend among many burger, chicken and other fast-food chains to upgrade their establishments in order to remain competitive.

In noting this trend, the Commerce Department's study said that "many franchise operators have become more customer-oriented, and are offering such amenities as drive-in/drive-through service in an effort "to compete with other restaurant chains."

Of the more than 450 food-service franchisors participating in the department's surveys, a total of 278 chains reported that they now offer either "self-service, drive-in or drive-through" facilities, many of them added between 1979 and 1982.

But if upgrading of facilities contributed to the steep rise in franchisee investment requirements between 1979 and 1982, additional improvements planned by many fast feeders now could well trigger even sharper increases in the average capital needed to purchase a franchise during the next few years.

In an address to the International Franchise Association's annual meeting in Acapulco, Mexico, last month, the Commerce Department's chief franchise specialist, Andrew Kostecka, predicted extensive and costly renovations for many chains in the near future.

"Stepped-up activity will be seen in the upscaling of franchised restaurants in exterior and interior decor, service and upscaling in quality and variety of food served," Kostecka maintained.

While food-service franchisees are spending more to "buy in," there are indications that they may be asked to accept less favorable contract terms than in the past.

For many investors, the most important aspect of a franchise agreement is its duration—the length of time that the franchisee will be allowed to remain a part of the system and use the franchisor's trademarks under the original conditions and terms of the contract.

In general, the shorter the length of the contract, the greater the risk that the franchisee will be forced to accept less favorable terms (if not forced to close shop altogether) before he is able to earn a reasonable return on his investment.

Unfortunately for restaurant franchisees who jumped on the bandwagon late, there is a distinct trend toward shorter duration agreements.

During 1972, for example, Government surveys indicate that almost 60% of all restaurant franchisors offered franchise agreements lasting for 20 years or more. By 1982, only 53% of the chains did.

During that same three-year period, the proportion of restaurant franchisors offering investors "perpetual" licenses declined from 12.3% to 10.2%.

Although the number of chains requiring franchisees to accept licenses of very short duration (five years or less) remains small, the percentage of these chains is growing dramat-

*(Continued on page 39)*

FRANCHISE RESTAURANT UNIT GROWTH: 1969-84

| Year | Total Units | Company-Owned | Franchisee-Owned | Net Gain (Loss) in Unit Count |
|---|---|---|---|---|
| 1984* | 74,842 | 23,087 | 51,755 | 6,119 |
| 1983* | 68,723 | 21,351 | 47,372 | 4,547 |
| 1982 | 64,176 | 20,017 | 44,159 | 2,330 |
| 1981 | 61,846 | 19,355 | 42,491 | 1,887 |
| 1980 | 59,959 | 17,826 | 42,133 | 1,023 |
| 1979 | 58,936 | 16,884 | 42,052 | 3,624 |
| 1978 | 55,312 | 15,510 | 39,802 | 3,340 |
| 1977 | 51,972 | 14,527 | 37,445 | 5,074 |
| 1976 | 46,898 | 12,562 | 34,336 | 3,915 |
| 1975 | 42,983 | 11,685 | 31,298 | 3,187 |
| 1974 | 39,796 | 10,115 | 29,681 | 3,456 |
| 1973 | 36,340 | 8,316 | 28,024 | 3,802 |
| 1972 | 32,538 | 6,319 | 26,219 | 2,119 |
| 1971 | 30,419 | 5,496 | 24,923 | (2,165) |
| 1970 | 32,584 | 4,906 | 27,678 | 3,848 |
| 1969 | 28,736 | 3,842 | 24,894 | NA |

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

*1983 and 1984 figures are company estimates.

FRANCHISING IN THE 80'S: PART 1

# Franchise sales rise 13% in '83; another 14% seen in '84

(Continued on page 36)

While the average franchise steak house outlet is forecast to generate sales of more than $813,000 this year, the typical franchise pizza establishment will ring up less than $383,000 and the average sandwich franchise will enjoy 1984 sales of only about $220,000.

Among burger restaurants, the per-unit average is forecast to rise to more than $695,000 this year, while most other types of chains (chicken, seafood, Mexican, pancakes, etc.) will average between $460,000 and $590,000 per outlet.

California remains the leading state in terms of total numbers of franchise restaurants, according to the study. By the end of 1982, California boasted 6,068 franchised food-service outlets (10.2% of the national total) followed closely by Texas with 5,508 units (9.2%).

Ohio (3,360 outlets), Florida (3,052) and Illinois (2,870) round out the top five in terms of franchise food-service penetration.

Employment levels in the franchise restaurant sector rose by 9% during 1982 despite sluggish economic conditions throughout many parts of the nation. The number of new jobs created by franchise restaurant growth topped 150,000 in '82, as total employment levels rose to more than 1.8 million.

"Employment in the franchised restaurant industry accounts for 37% of employment in the franchise system as a whole and should continue to rise in the next few years," the Commerce Department report predicted.

Although the *Franchising in the Economy* analysis paints a bright picture for the future of food-service franchise operations, it also acknowledges a number of challenges facing restaurant franchisors.

"Since 1980, the franchised restaurant industry experienced marked structural changes as high interest rates and high construction costs prompted franchisors to scale down their plans and build smaller sized units," the report noted.

"Conversion of independent units to franchising has also picked up, including restaurant sites within other retail chains or locations," the study said.

The total number of franchisors in the restaurant segment rose by 18 (on a net basis) last year, even though "11 franchisors with a total of 143 restaurants (106 franchisee-owned) went out of business," and another 21 chains (with a total of 262 units, including 69 owned by franchisees) decided to abandon franchising as a method of marketing.

"There were 14 big franchisors with over 1,000 units each in 1982, one more than the previous year," and combined "they represented 53% of all restaurants in the franchise system [33,970 units]," the report said.

These 14 giants also "represented 59% of total franchised restaurant sales, i.e., $20 billion, of which $14.2 billion were by franchisee-owned units," according to the study.

In response to increased competition, a number of fast-food chains and other restaurant franchisors have begun to offer patrons alternatives to traditional walk-up counter service.

"To compete with other restaurant chains, many franchise operators have become more customer-oriented, and are offering such amenities as waiter/waitress service or self-service and/or drive-in/drive-through service," the Government market analysts said. "Most restaurants offer one type or the other" but "20 franchisors offer both," according to a survey conducted by the department covering 1982.

The Commerce Department study also took note of the continuing appeal of international expansion to American fast feeders and other United States restaurant franchisors.

"As many foreign countries improve their standard of living and evolve into more service-oriented economies, receptiveness to American-style franchising will continue to create export opportunities for United States franchisors despite increased competition from local firms and other international firms," the report maintained.

## FRANCHISE RESTAURANT STORE COUNT

(By Type of Establishment)

| Type of Restaurant | # of Firms | 1982 Total Units | 1982 Company-Owned Units | 1982 Franchisee-Owned Units | 1983* Total Units | 1983* Company-Owned Units | 1983* Franchisee-Owned Units | 1984* Total Units | 1984* Company-Owned Units | 1984* Franchisee-Owned Units |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | 458 | 64,176 | 20,017 | 44,159 | 68,723 | 21,351 | 47,372 | 74,842 | 23,087 | 55,755 |
| Chicken | 32 | 7,773 | 2,591 | 5,182 | 8,528 | 2,856 | 5,672 | 9,489 | 3,197 | 6,292 |
| Hamburgers, Franks, Roast Beef, etc. | 102 | 27,285 | 6,100 | 21,185 | 28,563 | 6,430 | 22,133 | 30,658 | 6,952 | 23,706 |
| Pizza | 106 | 10,629 | 3,700 | 6,929 | 12,042 | 4,099 | 7,943 | 13,497 | 4,464 | 9,033 |
| Mexican (Taco, etc.) | 33 | 3,059 | 1,399 | 1,660 | 3,374 | 1,505 | 1,869 | 3,683 | 1,611 | 2,072 |
| Seafood | 14 | 2,840 | 1,312 | 1,528 | 3,060 | 1,447 | 1,613 | 3,366 | 1,602 | 1,764 |
| Pancakes, Waffles | 15 | 1,645 | 516 | 1,129 | 1,640 | 514 | 1,126 | 1,698 | 508 | 1,190 |
| Steak, Full Menu | 110 | 9,135 | 4,020 | 5,115 | 9,429 | 4,101 | 5,328 | 9,927 | 4,294 | 5,633 |

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

*1983 and 1984 figures are company estimates.

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FRANCHISING IN THE 80's: PART 1

# Obstacles to expansion, contract renewal increasing

(Continued from page 36)

ically. In 1972 only 3.1% of the food-service franchise contracts expired within five years, but by 1982 6% of the chains required such short-term agreements.

Fortunately for restaurant franchisees, the danger that franchisors will unilaterally refuse to renew a franchise agreement is small, but this risk is also rising.

During 1979, 938 food-service franchisees' licensing agreements came up for renewal, and the overwhelming majority of these contracts—89.1%—were renewed by the franchisor (though not necessarily at the original terms).

Three years later an almost identical number of restaurant franchisees came up for renewal (927), however during 1982 only 82.3% of these agreements were renewed.

In both years more than two-thirds of the nonrenewals occurred either through mutual consent or as a result of unilateral decision by the franchisee, according to the Commerce Department survey results.

However, the total number of unilateral nonrenewals by franchisors more than doubled during that three-year period, and the percentage of renewal-eligible restaurant franchisees whose contracts were not renewed because of a unilateral decision by their chain climbed from 2.3% to 5.2%.

In contrast, the total number of franchise terminations in the food-service field is on the decline. The Government reported only 793 restaurant industry contract terminations in 1982 (down 33% from the 1,062 recorded in 1979), but *NRN* has found that most of this drop is a result of a marked decrease in "voluntary" terminations initiated by franchisees themselves.

"Involuntary" terminations of restaurant franchisees by their franchisors also declined between 1979 and 1982, but only by 2% (from 501 to 491).

Significantly, however, there is a sharp increase in both the proportion and number of unilateral franchisor terminations for reasons unrelated to nonpayment of royalties or financial default by franchisees.

Of the more than 500 franchisor-initiated terminations of franchisees reported for 1979, over two-thirds were justified on grounds of nonpayment or default. In 1982, however, less than 37% of the 491 franchisor-mandated terminations were justified by financial reasons.

Meanwhile, involuntary terminations of franchisees for "quality control violations" and other reasons unrelated to financial nonpayment increased by 68%, from 184 in 1979 to 310 in 1982.

Although the sharp rise in nonfinancial-related terminations by food-service franchisors may be temporary, it may also indicate a trend toward terminating franchise agreements for subjective reasons.

*NRN* finds little, if any, change in the willingness of food-service franchisors to permit franchisees to sell their franchises to others.

Although most franchising chains insist on approving all such transfers, the Government surveys indicate that their approval is rarely withheld.

Of the 3,388 franchises proposed to be transfered by franchisees during 1979, all but 44 (1.3%) were approved. In 1982, 3,082 franchisees asked permission to transfer their franchises and only 42 of these requests (1.4%) were denied by restaurant franchisors.

Despite record-high interest rates and generally depressed economic conditions during most of 1982, there is no indication of any sharp increase in business failures among food-service franchisees.

Although the Government study indicates that a total of 1,084 franchisee-owned restaurants were discontinued during 1982, the earlier Commerce Department study found that an almost identical number (1,072) were discontinued during 1979.

Moreover, there was little change in the number of franchisee-owned food-service outlets repurchased for company ownership (484 in '79 vs. 475 in '82), however there was a drop in conversions of chain-owned restaurants to franchisee-ownership (from 579 to 389).

In commenting on the fact that the number of units repurchased for company ownership exceeded the number of chain outlets converted to franchisee-ownership during 1982, Commerce Department analysts said that "these buy-backs were primarily due to depressed economic conditions."

Although researchers at the department have attempted to compare the rate of failure among franchisees to the failure rate for small businesses in general, so far they have not come up with any reliable data.

The department's latest *Franchising in the Economy* study does indicate, however, that less than 2.5% of all franchisee-owned food-service units were discontinued during 1982 and, according to Kostecka, many of these were discontinued for reasons other than business failure.

While "the number of failures is unknown," he concluded that "the number of units discontinued—for whatever reason—in franchising is relatively low."

This is not to say that food-service franchising is risk free—particularly for franchisees of new or small restaurant chains. Last year, for example, 11 food-service franchisors (with a combined total of 106 franchisee-owned units) went out of business altogether.

But it should be noted that hundreds of other restaurant chains (with a total of more than 40,000 franchisees) were successful during 1983.

## Franchise leader hails Commerce report

WASHINGTON—A top spokesman for the nation's food-service franchisors hailed the new Commerce Department growth projections as "proof positive that franchising is on the forefront of America's economic recovery."

The department's 1984 study, *Franchising in the Economy*, presents a bullish outlook for franchising in general, but forecasts even more rapid growth ahead for the nation's restaurant franchisors.

In agreeing with the department's prediction for a "record year" for franchise growth during 1984, International Franchise Association president Stanley Bresler painted an even more optimistic picture for the future.

"One-third of all retail sales in the United States comes from franchising now, and I believe that before the turn of the century franchising will account for 50% or more of all retail sales," he said.

Bresler, who also serves as president and board chairman at Bresler's 33 Flavors Inc., indicated that this level of optimism is shared by other franchise chain execs across the nation.

"Throughout the franchise community there's a spirit of resurgency, and these [now Commerce Department] figures clearly show the valuable contribution that franchising is making in this country," the IFA president said.


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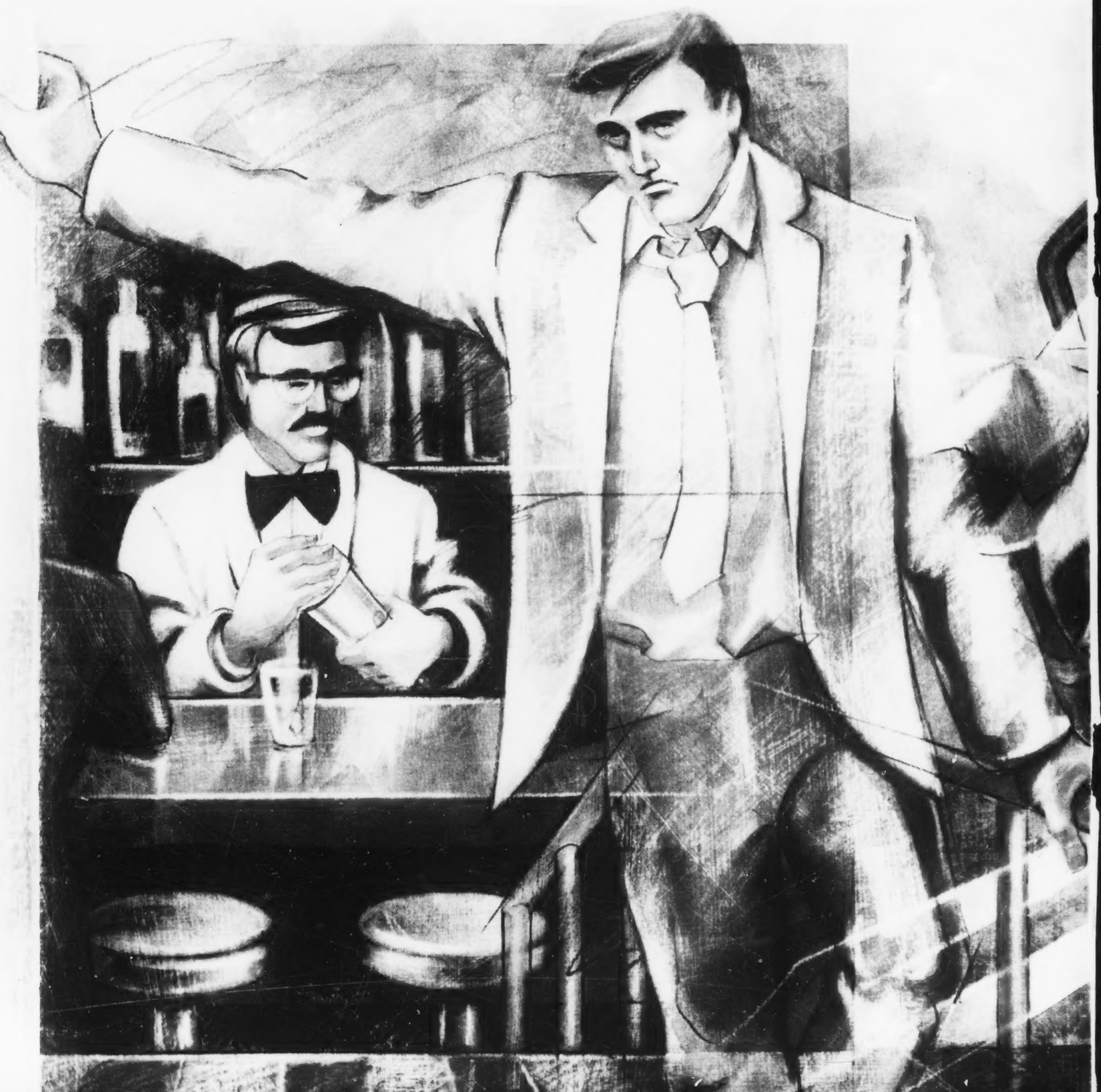
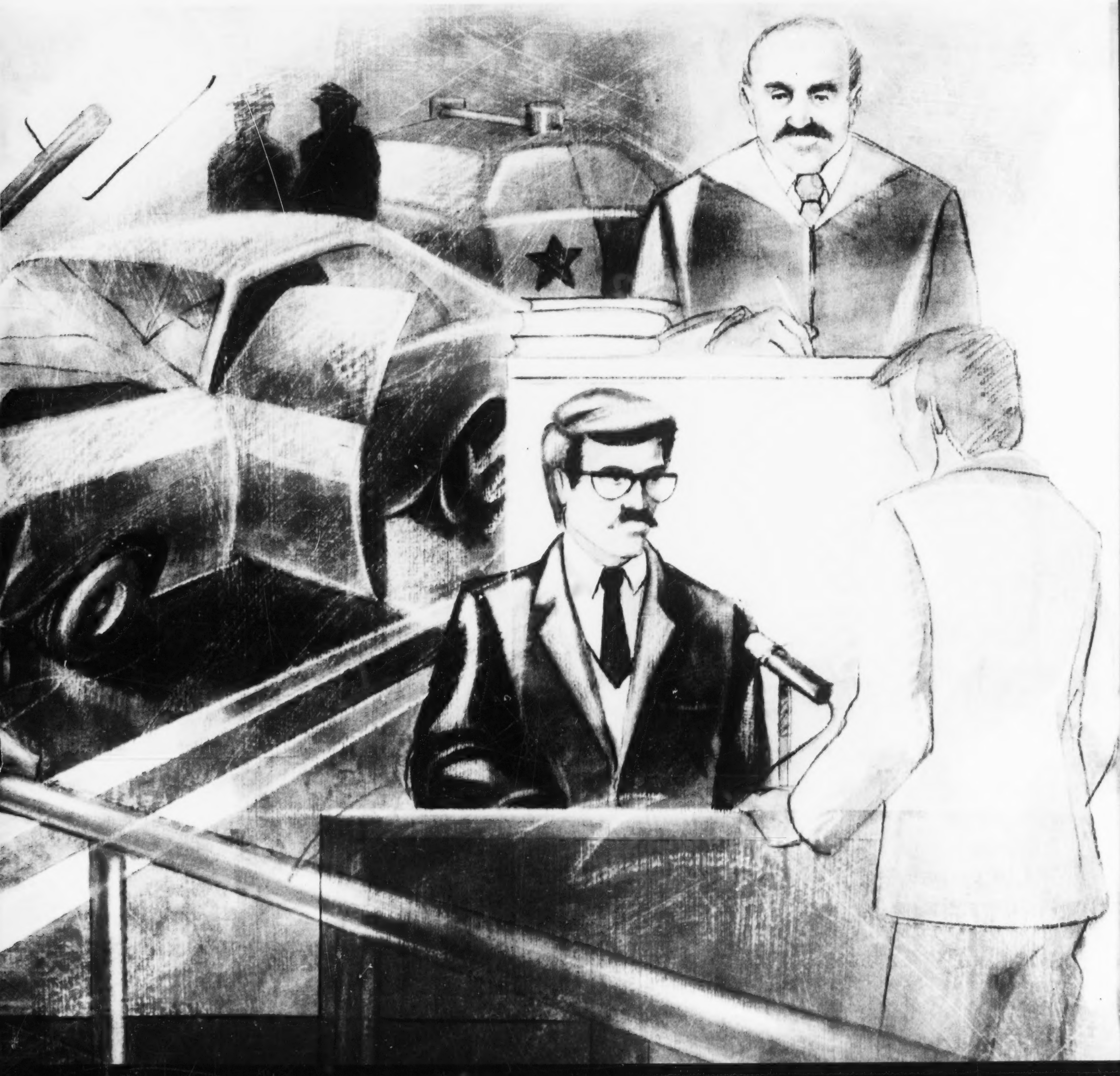
# CONCERN MOUNTS OVER DRUNK-DRIVING LIABILITY

It's seven p.m., and the lounge at the suburban restaurant is doing brisk business. Harry the bartender is having a tough time keeping up with customers' orders. Along the bar they're



standing elbow-to-elbow, shouting for the two-for-one specials that brought them here in the first place. The cash register keeps ringing. For Harry and his boss, all's fine with the world.

But little do they realize that a mere 40 minutes later, one of their customers, having downed six "specials" in one hour, will lurch back to his car. That another five minutes later, he'll run a red light and hit a pedestrian crossing the street. And that months later, a jury will find the restaurant liable, under the state's dram-shop law, for the



pedestrian's injuries, and award damages in the hundreds of thousands of dollars.

Harry's boss might be lucky; his liability insurance might cover the award. But there'll be other consequences less easily shouldered: Bad press for the restaurant. Investigations by ABC officials. The possible loss of the liquor license. A black eye for the restaurant industry. And still more ammunition for that part of the public that's hell-bent on severely regulating liquor service.

"Harry" and his bar are fictitious, but similar episodes are being counted with alarming frequency across the country. By one expert's estimate, lawsuits naming liquor servers as defendants in drunk-driving cases are multiplying threefold each year. As one lawyer puts it, dram-shop and common-law liability promises to become as popular a hunting ground for his colleagues as did medical malpractice a while back.

The glut of lawsuits is but one outgrowth of a social problem an outraged public appears increasingly unwilling to put up with. Each year, some 25,000 Americans die in alcohol-related car accidents; thousands more are severely injured. Sadly, many of them are innocent victims who just happen to get into a drunk driver's deadly path.

Much to their chagrin, restaurant and tavern owners have found themselves smack in the middle of the drunk-driving issue. As their accusers would have it, liquor servers contribute to the drunk-driving problem for one principal reason: "irresponsible" liquor service practices that are grounded in one creed—serve a customer as much booze as possible, no matter the consequences.

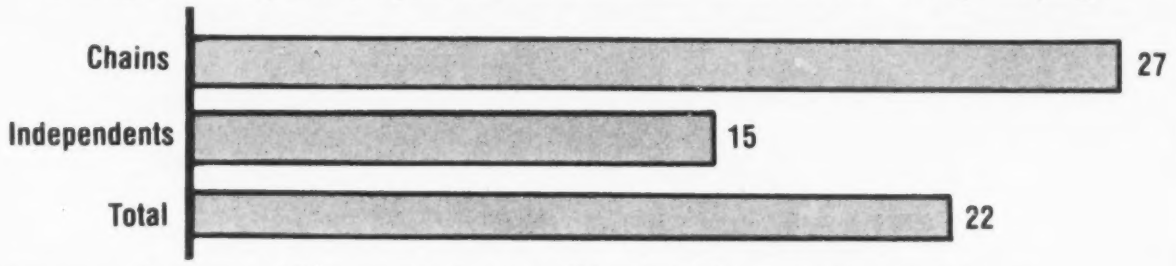
Those who are pointing the finger specifically attack such liquor merchandising tactics as two- or even three-for-one's, "buckets of booze," "bottomless" pitchers of beer, "all you can drink" and similar come-ons they say only discourage moderation. Allow a boozing customer to drive home himself, they add, and the circle of "irresponsibility" is complete.

Will drunk-driving liability put a real crimp into the restaurant business?

Many feel there's good reason to be concerned.

**Alcoholic beverage sales off**

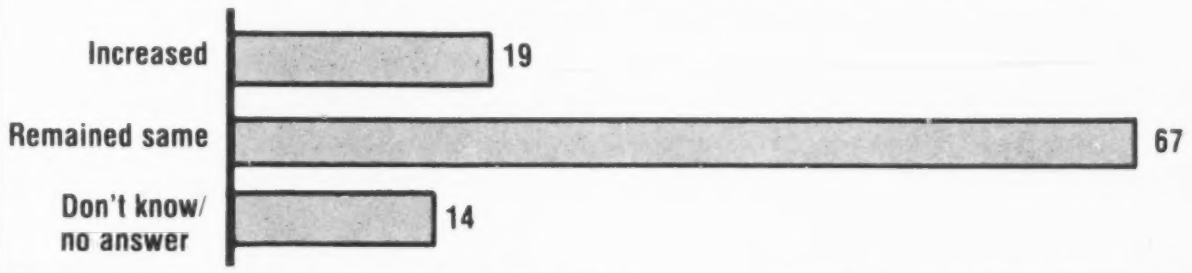
% of operators reporting liquor sales decrease due to antidrunk-driving campaign




**The average decrease of liquor sales due to antidrunk-driving campaigns totaled 11**

**Dramshops and liability insurance**

% of operators reporting higher liability insurance rates due to dramshop laws




**The average increase of liability rates totaled 46**

Source: *NRN* Bar Management Study

For one thing, the rash of drunk-driving liability lawsuits could well send insurance rates skyrocketing, or even make it impossible for some operators to obtain any liability insurance at all. "Lots of establishments feel they don't have to worry as long as they have insurance," warns Ronald Beitman, a lawyer and dram-shop specialist. "But you can't require an insurer to insure you for liquor-service liability. Thus, if you're found guilty in a suit, that's probably the last time you're going to get insurance." What's more, adds Beitman, if the spate of lawsuits keeps up, "self insurance is going to be the wave of the future, and the mom and pop operators who can't afford that will cease to exist."

Prodded into action by the outcry against drunk driving, public officials are now scrambling to put their own imprint on the issue. Dram-shop laws are currently in effect in 23 states, but are likely to be put on the books elsewhere as well. In its final report the other month, the Presidential Commission on Drunk Driving recommended that all states set the minimum drinking age at 21. And Congress, eying a variety of anti-DWI options, has scheduled hearings on a measure that would control the scope of liquor advertising.

For their part, local and state police across the country are scheduling extra man hours to enforce drunk-driving laws. For example, road blocks for spotchecking drivers for blood alcohol content (BAC) have become nearly routine. Worried over getting caught with alcohol on their breath, some restaurant and tavern customers now opt to forego the extra drink they would have ordered in the past. The result of these and other antidrunk driving consciousness-raising efforts: liquor sales have dropped at more than one-fifth of all food-service/bar establishments in the country ever since drunk driving has emerged as a major public issue, according to a *Nation's Restaurant News* survey.

As some restaurateurs see it, even more worrisome is that the drunk-driving issue is now being championed by what they say are well-organized groups of "neo-prohibitionists" who'd just as soon see even responsible liquor service restricted. And while most operators sincerely agree that the work of such vocal and well-organized groups as Mothers Against Drunk Driving (MADD) is well meaning, they cringe at the news that MADD has been studying the success of England's 11 p.m. closing law. If there's one statement that best sums up the industry's current sentiment, it's that things are getting a bit out of hand.

To counter the perceived threat to

**DWI and restaurant industry attitudes**

% of operators "agreeing strongly/somewhat" with these four selected statements

| | |
|---|---|
| **"As a whole, the restaurant industry is being very responsive to the consequences of intoxication"** | **79** |
| **"Restaurant operators should speak out in an organized way on DWI (driving while intoxicated) legislative proposals"** | **68** |
| **"It's unrealistic to think that restaurant personnel can control or monitor restaurant/bar patrons' alcohol consumption"** | **56** |
| **"Restrictions should be placed on liquor advertisements, as was done with cigarettes"** | **42** |

Source: *NRN* Bar Management Study

their businesses, more and more restaurateurs are getting actively involved in the drunk-driving and liquor-server responsibility debate.

For starters, they're arguing that most of the industry is taking a bum rap.

The places that cut off a customer only after eight drinks, without wondering whether he's driving home, are mostly the gin mills outside the mainstream of the food-service industry.

Moreover, determining just when a person is legally drunk is not a simple matter. According to a recent study by the Center for Alcohol Studies at Rutgers University, even experienced bartenders have trouble telling just when a patron reaches a blood alcohol content of 0.10, the level which most jurisdictions have set as "driving while intoxicated."

Finally, a number of experts argue that the greater number of drunk-driving accidents is not caused by social drinkers—the typical patrons at restaurants or taverns—but by people with a heavy dependency on alcohol.

"Drunk driving is an extremely complex and perplexing issue," maintains Richard Berman, senior vice president of Government relations of S&A (Steak & Ale) Restaurant Corp. Writing in a recent issue of *Nation's Restaurant News,* Berman said that while " 'problem' drinkers and alcoholics are a small percentage of the consuming public, they account for 75% to 80% of all adults arrested for drunk driving. According to the Department of Transportation, they're responsible for 50% of the fatal drunk-driving accidents. Frequently, they're repeat offenders who have been arrested several times before they end up killing or maiming someone."

**Drunk driving—whose responsibility?**

***How restaurateurs feel about making sure that patrons don't leave intoxicated***

% of operators surveyed

Source: *NRN* Bar Management Study

But Berman is also quick to point out that the restaurant industry can't afford to ignore drunk-driving responsibilities.

"Drunk driving will drive us up the wall if we don't do something about the problem. Complacency in the face of increasingly aroused public opinion will only amplify the shock when it finally hits us full force. We must act on our own, and soon, or have a publicly sanctioned course of action crammed down our throats."

Increasingly, restaurateurs are joining hands with such groups as MADD, Remove Intoxicated Drivers (RID) and Students Against Drunk Driving (SADD) in common efforts to reduce the incidence of drunk driving.

Just as importantly, they're taking measures to change a public perception of the food-service industry—from one "committed to the unremitted sale of alcoholic beverages, indifferent to the excessive consumption of alcohol and its effects on society, to one conducting its business responsibly, being understanding of the problem, and anxious to join the community in finding solutions," as one restaurant company official puts it.

Education is playing a major role in such efforts. In recent months, a growing number of restaurant and tavern associations have hit the road with programs that drive home the legal and moral responsibilities of liquor service. New York's restaurant association, for example, has developed a two-hour seminar called "D.W.I. (Dine and Wine Intelligently) vs. D.W.I. (Driving While Intoxicated)." Earlier this year, the first "Northeast Conference on Alcohol-Server Liability" was held in Boston, bringing together restaurateurs, public interest groups such as MADD, Government regulatory agencies, public officials and experts on alcoholism from around the country. (The Boston conference proceedings are available from Intermission Ltd. of Amherst, Mass., the organizers of the conference.)

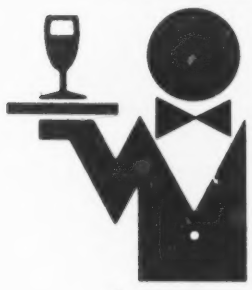
In fact, while few seem ready to predict just where the drunk-driving liability issue is heading, general consensus has it that liquor-server education on alcohol and its consequences holds the best chance to reduce the risk of liability.

On the following pages, *Bar Management* deals with some of the topics any alcohol-training program should touch on—from a discussion of just what dram-shop and common-law liability is to a definition of alcohol to ways of dealing with intoxicated patrons. As a number of operators have discovered, responsible liquor service doesn't necessarily lead to fewer liquor sales—and it's the best way to show the industry's concern for a very serious social problem.

**—Roman Czajkowsky**

# DETERMINING ACCOUNTABILITY UNDER DRAM SHOP LAWS

*Restaurant and bar owners are increasingly coming under fire from the victims of alcohol-related accidents.*



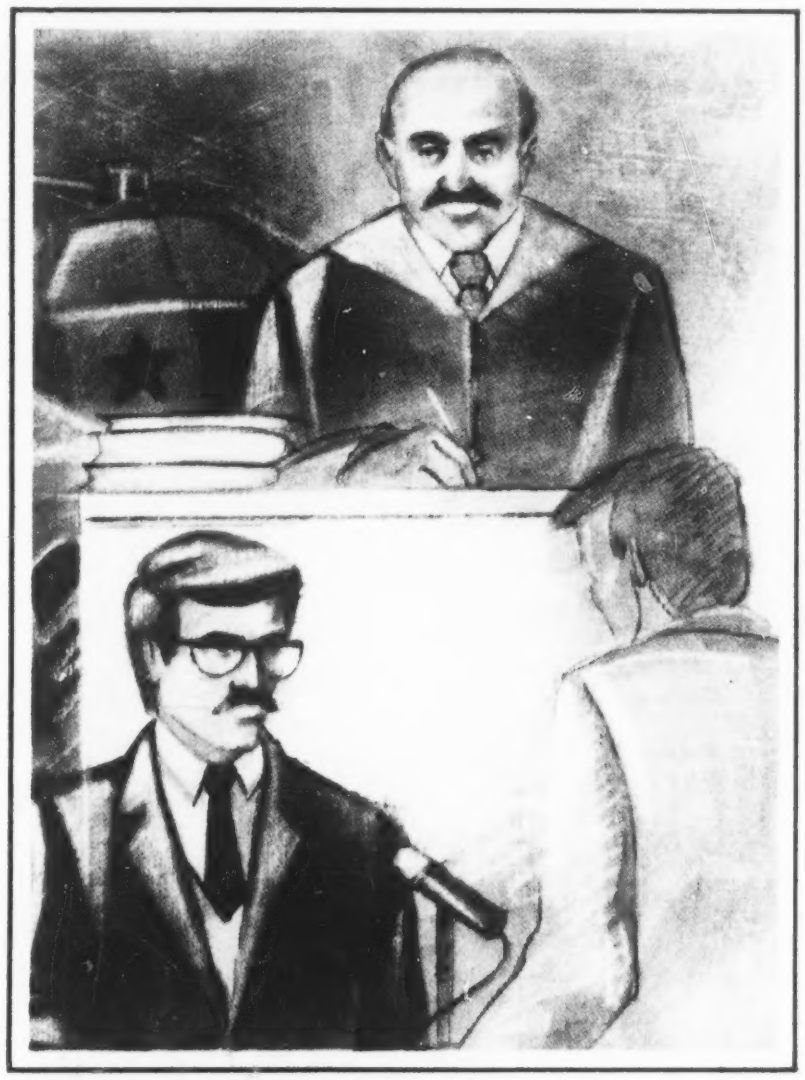
In 40 states and the District of Columbia, restaurant and bar owners, bartenders, waiters and waitresses are being found legally and financially liable for serving alcohol to minors, habitual drunkards or intoxicated patrons who cause accidents or injury after leaving their establishments.

You could be next.

That's the consensus among dram-shop—or third-party liability—experts, who claim the number of such cases is increasing three-fold each year. The reason for this torrent of lawsuits: As the public outcry against drunk driving intensifies, more juries are sympathizing with those who bring such negligence suits and are awarding them large sums.

Whether or not the servers of alcohol should be held legally responsible, the dangers that such civil liability can pose to restaurants/taverns and their staffs clearly spells the need to know just what the potential dram-shop consequences are.

Under the 110-year-old dram-shop law, on the books in 23 states, the innocent third party injured "in person, property, means of support or otherwise" by a drunken individual or minor can sue a restaurant, tavern or liquor store owner and/or employees for having dispensed and sold the alcohol. Dram shop applies to the sale of beer, wine, hard cider or distilled beverages.



In 18 states where dram-shop liability is not imposed through statutes adopted by the legislature or alcoholic beverage control regulations, the courts apply common law, based on third-party liability case precedents. In those states, courts normally favor the victim over the seller, server or employer on the grounds that state ABC laws were violated by dispensing liquor to an obviously inebriated patron or minor.

The remaining 15 states provide neither means for recovering damages, choosing instead to follow the old common law rule: only the drinker, not the seller or server, can be held responsible for his actions. But, pressure from public interest and citizen action groups, legislators, scholars, state task forces and the Reagan Administration may eventually result in uniform drinking and driving statutes in all 50 states.

For the time being, it's the variations and inconsistencies in various states' alcohol-seller/server liability laws that vex restaurant and tavern industry personnel most. In the case of all dram shop suits, the defendant is subject to fines or license revocation. But in a number of states—like New York for example—there is no cap on the dollar amount for which a plaintiff may sue. Blood alcohol content (BAC); minimum drinking age, and first offense penalties under dram shop or common law vary from state to state.

"Dram shop is the most critical issue affecting the nation's restaurants and bars since the repeal of prohibition. The current laws should be better defined and uniform across the country," says James F. Mosher, administrative director of the Medical Research Institute of San Francisco's prevention research group. "There are no clear standards that restaurant and bar owners can follow to protect themselves from charges of acting improperly."

The basic rationale behind dram shop and common laws is that they'll help deter drunk driving, thus decreasing the number of alcohol-related accidents which claim about 25,000 lives each year. To this end, the courts and state legislatures have provided "conduct incentives," inducing sellers and servers to be more socially, morally and legally responsible for their customers and society at large.

With the glut of publicity surrounding recent dram-shop cases, restaurant and bar owners and their employees have apparently become more discriminating and cautious in the dispensing of alcohol. But no matter how diligent they are in upholding the law and helping to preserve life, there are no guaranteed safeguards against possible dram-shop liability.

"Even if you take every precaution, someone can, and will, slip through the net," said a bartender attending the recent Northeast Conference on Alcohol-Server Liability in Boston. "It's impossible sometimes to tell who's drunk and who isn't, especially when the bar is full and someone's buying rounds."

Though more than 80% of dram-shop cases are settled out-of-court by insurance companies for $100,000 or more, the number of cases filed

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## ENERGY COST CONTROLS

***A victory declared 'too soon'—Pp. 41-43***


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*The Newspaper of the Food Service Industry*

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# *NRA: Cut back alcohol promos*

## Group unveils two-stage DWI lobbying initiative

**By Ken Rankin**

WASHINGTON—The National Restaurant Association has called on tavern and food-service operators to discontinue "all you can drink" offers and other alcoholic beverage promotions which may be "perceived as fostering overconsumption."

That new NRA policy discouraging drink promotions by restaurants is part of a broader new two-pronged initiative adopted late last month by the association's board in response to growing national concern over drunk driving.

The first phase of that program involves a major commitment by NRA to sensitize restaurateurs, industry employees and the public to the need for moderation in the consumption of alcoholic beverages.

The second prong is a long-range NRA lobby initiative aimed at eliminating controversial state "dram shop" laws under which restaurant or tavern operators may be held legally liable for injuries caused by patrons who become intoxicated at their establishments.

Although most states now have such dram shop or "third-party liability" legislation on the books, NRA's new strategy will put pressure on legislatures to replace those statutes with new laws to hold consumers, rather than restaurants, responsible for injuries they cause while intoxicated.

**The NRA wants to halt beverage promotions that may be perceived as 'fostering overconsumption' of alcohol.**

In announcing the new lobbying campaign against dram shop laws, NRA officials said that third-party liability suits encouraged by these statutes "can force honest businessmen into bankruptcy and increase insurance premiums for everyone."

In contrast, "laws which specifically make

*(Continued on page 86)*

*Questions raised . . .*

# Product avalanche threatens to rock unwary operators

***NRN* Special Report**

Leading fast-food, coffee shop and dinnerhouse chains are ignoring conventional industry wisdom and lessons of history by developing, testing and rolling out increasing numbers of new menu items.

Not since the late 1970's, when the industry's obsession with menu diversification led to severe problems at some chains and helped spark the back-to-basics movement, have there been so many new products appearing throughout food service.

Burger chains are rolling out salad bars and stuffed baked potatoes. Steakhouses are promoting seafood and poultry. Roast beef chains are unveiling fish sandwiches and fried chicken. Fast feeders are serving dinner entrees. Dinnerhouses contemplate breakfast.

All this despite repeated warnings by such cautious chain executives as Kentucky Fried Chicken's Richard Mayer and McDonald's' Fred Turner and Michael Quinlan that New Product Mania can be dangerous.

These and other critics of menu diversification strategies contend that new products tend to blur a chain's image, confuse customers, slow service and raise operating costs.

Added to these drawbacks is the disturbing tendency of new product sales to drop off quickly once massive rollout promotions are over and initial consumer interest fades. Burger King's veal parmigiana specialty sandwich and McDonald's McRib sandwich are two note-

*(Continued on page 33)*

# *Luckey named president, ceo of six-unit Flakey Jake's chain*

**By Richard Martin**

MOUNTLAKE TERRACE, Wash.—Robert E. Luckey has been named president and ceo of the fledgling Flakey Jake's upscale burger chain following his two-year struggle against long odds as chairman and ceo of Sambo's.

Luckey was slated to sign his contract at presstime. (His four-year, $1.5 million Sambo's contract had been under litigation.)

A 20-year food-service veteran who started as an hourly worker in a fast-food burger stand, Luckey rose to become the chairman and ceo of Chart House Inc. before tackling the attempted reorganization of Sambo's. That company was already under Chapter 11 bankruptcy constraints when he was hired in February 1982.

Luckey was deposed as Sambo's chieftain last December when a bankruptcy court judge appointed a trustee to run the emaciated company. He was a candidate for the Church's presidency but apparently opted for Flakey Jake as being more compatible with his entreprenurial and burger-oriented background.

As president and ceo of six-unit Flakey Jake's, Luckey takes the reins of one of the industry's hottest chain prospects expected by majority owner Sea Galley Stores to eventually develop into a national chain.

Sea Galley was "just going to play with" the Flakey Jake's concept when it was introduced last May, said Steven Dowen, board chairman of both companies. But initial successes with company and franchise operations quickly turned the burger venture into the parent company's principal growth vehicle, and necessitated the hiring of a top-rank chief executive like Luckey.

"We're real happy to have Bob Luckey with us," Dowen declared, citing Luckey's recognized expertise in operations and finances as only some of his attributes. The stoutly built Luckey, who reportedly has shed some 60 lb. from dieting, is also "very well connected in the industry," said Dowen.

Sea Galley, the 49-unit, 10-state chain of full-service seafood restaurants based here, began the Flakey Jake's concept last year in a handful of "subpar" outlets converted for about $250,000 each. At least one of those is now doing as much as $2.4 million in annualized sales, with other units close behind.

The company's first franchised unit (50% owned by company officers) opened two months ago in Columbus, Ohio, and is now reporting sales of more than $40,000 a week. Franchise rights to about one-third of the country have already been sold, with commitments for some 75 units already booked, Dowen said.

Sea Galley has retained 66% ownership of Flakey Jake's. Partly offsetting startup costs

*(Continued on page 86)*

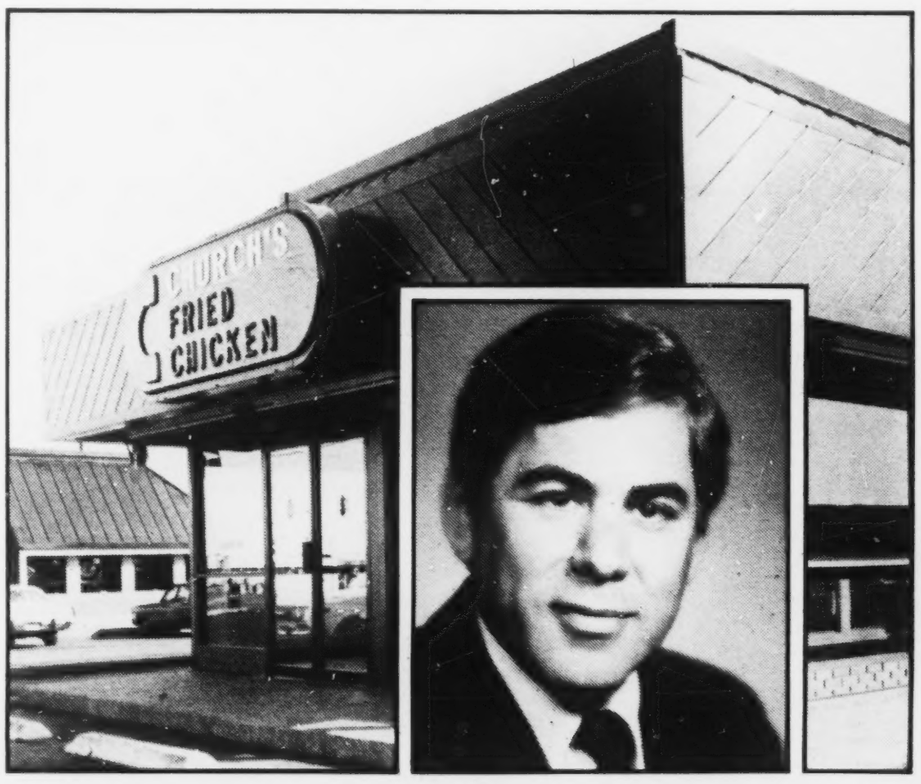
## LATE NEWSBREAKS

**Negotiations have been canceled on a projected deal by which K mart would have acquired Associated Hosts in an $80 million stock swap.**

**Horn & Hardart has launched a new "healthy" fast-food concept, Goodbody's, in Miami. Offerings include a 40-item salad bar, 18%-fat burgers, chicken salad with cashew nuts and potato skins.**

**Henry Montgomery, 48, who joined the troubled Pizza Time Theatre chain two months ago as chief financial officer when Randall Pike, 47, moved up to president and ceo, now succeeds Pike, who resigned. Bruce Munro, 45, becomes executive vice president.**

**Garcia's Mexican restaurants, Scottsdale, Ariz., named president Dennis Mullen (former Cork 'n Cleaver and Chart House president) ceo, replacing Thomas Fleck, who remains chairman.**




**Richard Sherman (inset), former Hardee's senior vp, is taking over part of the job vacated by Roger Harvin.**

# New Church's prexy: Hardee's Sherman

**By Don Jeffrey**

SAN ANTONIO—Church's has named Richard F. Sherman president and chief operating officer, climaxing a seven-month search.

To take the post at Church's, Sherman is giving up a job as senior executive vice president at Hardee's, where he was regarded as No. 2 man, reporting directly to chairman and ceo Jack Laughery.

Sherman was deeply involved with Hardee's Burger Chef acquisition, and it's expected this expertise will be called on at Church's.

J. David Bamberger, who took over as Church's chairman last fall when Roger Harvin resigned, will remain chairman and ceo of the 1,400-plus-unit chain, whose complacency has been shaken in the last couple of years by declines in real sales and profits.

Actual operations of the restaurants will be left to executive vice president James (Buddy) Parker, who resigned last summer at the beginning of a top management shakeup and was called back by Bamberger and named to his former position.

Cash-rich Church's, with

*(Continued on page 86)*

COMMODITIES

# Beef prices climb higher; tighter supplies forecast

**NRN Special Report**

Agricultural economists can't seem to agree on whether pork supplies will peak this month, or will continue at present high slaughter levels into the beginning of summer. Farmers are close-mouthed about intentions, and even U.S. Department of Agriculture surveys of intentions are looked at with some skepticism, since producers have been reacting to market and weather conditions without much warning.

As *NRN* went to press, pork prices were at a reduced level in the range of $0.85-$0.87 per pound at slaughterhouses in the Midwest. This low price level is somewhat unusual, since broiler chickens, the major competitor, have been at a steady high for the past several months.

Beef production has been very spotty because of the erratic weather patterns in the upper Middle West and Plains States which killed off a lot of stock, kept those that survived from gaining weight and prevented producers from getting animals to market for weeks at a time. Right now, the number of cattle in feed yards is up nearly 5% over a year ago, and consumer demand (which also affects the price food-service operators pay for meat) has been lower than normal for this time of year. Yet beef prices have pushed up several cents higher than they were at this time last year. This may, to some extent, reflect the cost of food, which, while still moderate, is higher than it was.

Feed prices remain the big unknown in the price/supply equation. On the plus side—as far as domestic meat and poultry producers are concerned—is that the continued strength of the United States dollar abroad has made our grains less appealing to foreign countries, thus increasing domestic supplies. Also on

*(Continued on page 85)*

## PRICE MOVEMENT AT A GLANCE

| | March 16, 1983 | Feb. 16, 1984 | March 16, 1984 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $1.01 | $1.02 | $1.05 |
| Broccoli, fresh, box of 14s, Calif. (ctn.) | $7.00—9.00 | $9.00-10.00 | $6.50-7.00 |
| Broilers, Grade A, icepack, NYC (lb.) | $0.4671 | $0.6501 | $0.6558 |
| Butter, Grade AA, Chicago (lb.) | $1.47 | $1.4125 | $1.415-1.435 |
| Cocoa, Ivory Coast, NYC (metric ton) | $2,791 | $2,663 | $1,872 |
| Eggs, Grade A, large, Chicago (doz.) | $0.6775 | $0.99-1.01 | $0.83-0.85 |
| Lettuce, iceberg, Calif. (24s) | $2.50-3.00 | $5.50-7.00 | $4.50-5.00 |
| Orange juice concentrate, frozen, Florida (12/32s) | $19.92 | $24.18 | $26.60 |
| Pork Loins, Choice, 14-17 lb., Midwest (lb.) | $1.03 | $0.95 | $0.87 |
| Potatoes, U.S. 1, white round, Maine (50 lb.) | $1.25 | $3.75 | $4.025 |
| Soybean oil, crude, Midwest (lb.) | $0.1786 | $0.2580 | $0.3037 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# New Orleans-style cuisine sparks national interest

**By Joe Edwards**

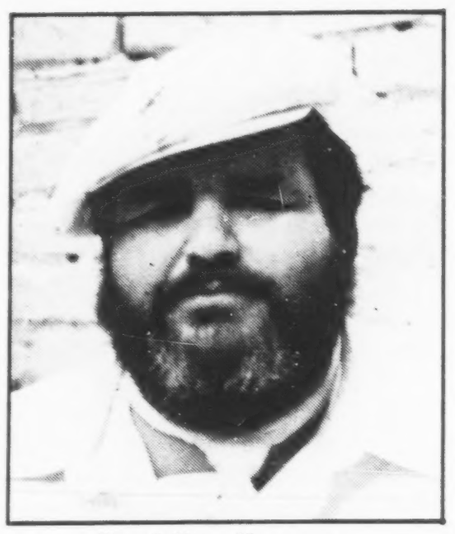
Restaurants specializing in Creole and Cajun cooking are growing in numbers and popularity in cities far from New Orleans' French Quarter and the steamy Louisiana bayous where such distinctively flavored dishes as crawfish gumbo and rabbit etoufee originated.

Operators say they are benefiting from the celebrity status of Cajun chef Paul Prudhomme, owner of K-Paul's Kitchen in New Orleans and a tireless promoter of the city's cuisines, and the recent barrage of media coverage of New Orleans' restaurants and culinary traditions.

This surge in popularity of New Orleans-style restaurants is part of the national obsession with regional American cooking of all types and parallels the rise of so-called New American cuisine as practiced by Alice Waters, Wolfgang Puck, Jonathan Waxman and others.

At Cajun in New York City, New Orleans Bar & Grill in Oakland, Calif., The Heritage in Cincinnati and many other places, customer counts rose steadily in 1983 as more and more people sampled dishes based on the centuries-old recipes that established New Orleans as "world class" restaurant town.

Repeat business is strong and so is the tendency of customers to spread the word about the tasty food and generally reasonable prices at their favorite New Orleans-style restaurants, operators say.



**Paul Prudhomme**

While most of the restaurants serving Creole and Cajun foods are owned by single-unit independent operators, Popeyes Famous Fried Chicken has grown to become the nation's third-largest fast-food chicken chain with an often-imitated Cajun-style menu featuring spicy chicken and "dirty" rice ("dirtied," that is, with gizzards and livers).

Popeyes' founder Al Copeland, a cook himself, is opening three New Orleans-style dinnerhouses featuring Creole and Cajun dishes such as gumbos and jambalayas. If successful, the concept will be expanded nationally, Copeland says.

"People love this kind of food," exclaims Peter O'Carroll, a 22-year-old chef at New Orleans Bar & Grill, one of several popular Creole and Cajun restaurants in the San Francisco Bay area.

Jerry Hart, chef at The Heritage, says he has noticed "a steady growth over the last couple of years in the popularity of Creole and Cajun foods." The Heritage features New Orleans-style food two nights a week year round and every night during Lent.

"Young people are open-minded about food and they don't mind the spices," explains Herb Maslin, owner of Cajun, a 100-seat restaurant in New York's Chelsea district. "They have open minds and they like to start their own trends."

Maslin served nearly 400 persons at a special Mardi Gras *fais do do* (a Cajun party) on Fat Tuesday, the day before Lent. On a typical busy night at other times, Cajun's tables turn two or two and a half times.

Maslin is also promoting a special Sunday brunch, billed as Breakfast at Brennan's in honor of Brennan's restaurant in New Orleans, that has been drawing about 300 persons a week.

"This is good, wholesome food at reasonable prices," says Maslin, whose typical customer pays $15 for dinner.

Further national interest in New Orleans-style cooking is expected to be generated by the 1984 World's Fair which opens next month in New Orleans.

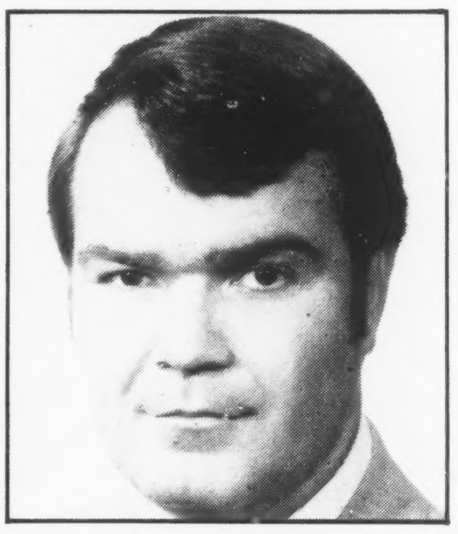
"Cajun food is getting an awful lot of publicity lately and it helps business," Maslin says, noting for example a *Life* magazine article about Prudhomme and the much-publicized catering program for last year's Economic Summit Conference in Washington that featured Cre-

*(Continued on page 85)*

# Varner leaving top Host post; Marriott's Cash to take reins

**Richard Marriott**

**Howard Varner**



**Francis Cash**

WASHINGTON—Francis "Butch" Cash, 41, will take over the reins of Marriott Corp.'s Host International division, replacing group president and ceo Howard E. Varner, who plans to retire from an active management role on July 1. Varner, a driving force at Host for the past 35 years, will stay on as chairman.

At the same time, group restaurant head Richard Marriott, 45, will assume Cash's responsibilities as head of the company's Roy Rogers fast-food chain. In the wake of the realignment, both Cash and Marriott, formerly group vice presidents, have been promoted to executive vice presidencies.

Marriott Corp. acquired Santa Monica, Calif.-based Host International in 1982 for a reported $151 million in a move that significantly expanded the company's contract food-service division. At the time, Host operated food-service and retailing concessions at 25 domestic airports plus four airport hotels and 52 dinnerhouse restaurants.

Since being acquired by Marriott, Host has remained essentially a separate division concentrating on airport terminal operations and specialty restaurants. There has been some melding of the two companies, however, with Marriott taking over three of the Host airport hotels plus its in-flight feeding accounts. All of Marriott's airport terminal shops and restaurants plus some of its specialty restaurants are now handled by the Host division.

### What's Next

According to J. W. Marriott, Marriott Corp. president, Host International's organizational structure will remain intact following Varner's retirement. Host currently operates concessions at 39 airports in the United States plus 52 dinnerhouses, including the 13-unit Charley Brown's/Charley's Place chain and 23 Casa Maria Mexican dinnerhouses. (Ironically, Host originally acquired the Charley Brown chain from Marriott.)

For the 58-year-old Varner, who joined Host in 1949 after graduating from college with a degree in banking, finance and accounting, the pending retirement represents the culmination of a long and successful odyssey in food service. Along with Walter Clark Jr. and the late Host chairman Hulsey Lokey, Varner helped propel Host International from a tiny company selling sandwiches in railroad cars to a leading force in airport terminal feeding and dinnerhouses.

During a career at Host that has spanned five decades, Varner held such posts as auditor, treasurer, vice president of finance and secretary of the board. In 1967 he was elected a director.

When Lokey died in 1980, Varner was named Host International's chairman and ceo. By that time, the company had grown to a $357 million empire and was the nation's leading airport terminal feeder. Varner's outstanding contributions to the company and the food-ser-

*(Continued on page 85)*

# Marriott tightening grip on Big Boy license groups

**By David Zuckerman**

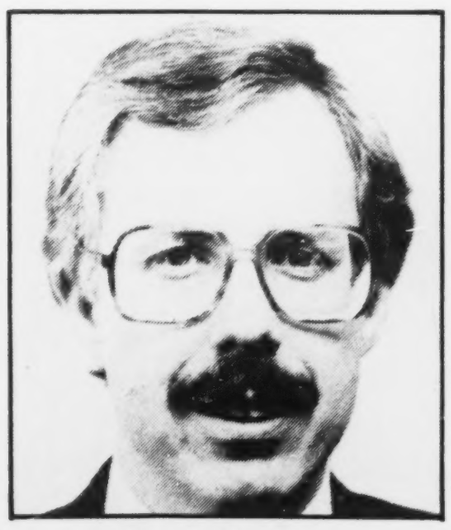
WASHINGTON—In-fighting among Big Boy licensees and a continuing clamor for more home-office support by many of the smaller operators in the network has helped spur a Marriott Corp. attempt to strengthen its grip on the Big Boy franchise system.

With a restructured management team that has Big Boy franchise vice president Roy Raskin now operating from the company's Washington, D.C. headquarters and Family Restaurant vice president Edward W. Doherty in charge, Marriott has launched a major effort to unify the 21 diverse Big Boy franchise organizations that comprise nearly 1,000 restaurants.

Further fueling the unification effort is the company's belief that the family restaurant segment—Big Boy in particular—is ripe for maximum growth. By melding the Big Boy system into a single working unit, Marriott hopes to devise a systemwide marketing plan that will take full advantage of the chain's potential.

"The family restaurant segment has become very strong, and competition has decreased," Raskin said in an interview. "Now there's a strong-

*(Continued on page 85)*



**Edward Doherty**

**Roy Raskin**

FINANCIAL NEWS

# Carl's annual profit up 18% to $11.5 million

ANAHEIM, Calif.—Carl Karcher Enterprises has reported an unaudited 18% gain in net profit to $11.5 million, on a 25% increase in sales to $289.8 million for fiscal 1984 ended Jan. 27, compared to last year.

Fourth-quarter net profit was $2.1 million on sales of $69.5 million, compared to net profit of $2.2 million on sales of $55.8 million in last year's closing quarter.

President Donald Karcher said the 380-unit burger chain's record results "were achieved during a period when the company was entering the most ambitious growth program in its history." Costs related to planned expansion into Arizona and Texas, plus its new franchising program and introduction of its "Charbroiler" dinners, exerted pressure on pretax income during the second half of the year, he said.

Those costs combined with increased interest expense relating to issuance of $20 million in convertible debentures in December 1982 compound the company's challenge, Karcher added.

CKE's initial moves into Texas will begin in July, with one unit opening in San Antonio and one in Austin. The San Antonio store is the first of 20 units the company will open there over the next five years, with half that number opening this year. Two more units are planned for Austin this year, with a total of 13 there projected over five years.

Two additional Texas units—one in San Marcos and one in New Braunfels—are also due this year. Ted Royston, an 18-year veteran of CKE and former regional director of operations for northern California, is heading up the company's development of Texas.

Paul Berman, CKE corporate planning director, says the company sees the potential to build and operate 500 Carl's Jr. restaurants within a 500-mile radius of Dallas over the next 10 years.

## Pizza Hut franchisee profit rises 18% to $1.1 million

TULSA, Okla.—A & M Food Services, which franchises 91 Pizza Huts in seven states, reported that net profit for the year ended Dec. 27 jumped 18% over the previous year to $1.1 million.

Revenue for the year was $25 million, a 21% increase over 1982.

Chairman and chief executive officer W. S. Atherton cited two reasons for the increases: growth in the number of stores owned by A & M and the introduction of the 6-in. Personal Pan Pizza.

At year-end A & M operated 87 restaurants; at the end of 1982, 61 units.

For the fourth quarter last year sales were up 33% to $8.1 million, though profits fell 17% to $249,000.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended March 23 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | Latest P/E Ratio | Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 6.50 | 6.25 | 6.25 | -.25 | -3.85 | 8.75 | .00 | -.09 | .25 | 1.19 | 22.85 | .40 | .40 | F | NC | 10.0 | 4.3 | 15.6 | .00 | 0 | 00-00-00 | 25.4 | 1.1 | .9 | .39 | 1.09 | 1282 |
| Acapulco Y Los | ALAR | 4.88 | 4.63 | 4.63 | -.38 | -7.50 | 7.25 | 4.25 | -.19 | .27 | -1.94 | -48.96 | -2.05 | -2.13 | Q | -775.0 | -74.0 | -12.9 | NE | .00 | 0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Am Motor Inns | INN | 30.25 | 29.25 | 29.38 | -.50 | -1.67 | 38.50 | 27.13 | -.02 | -.17 | .76 | 52.22 | 2.52 | .55 | S | 24.3 | 42.0 | 8.6 | 10.5 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 45.00 | 43.13 | 43.25 | .25 | .58 | 55.25 | 42.50 | -.30 | .09 | -2.38 | -14.24 | 4.37 | 1.21 | Q | 36.7 | -3.0 | 1.7 | 9.6 | 2.05 | 4.7 | 02-24-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 17.00 | 14.75 | 16.25 | 1.25 | 8.33 | 18.50 | 10.50 | 1.32 | -.91 | 8.00 | -36.29 | .72 | .45 | Q | 128.5 | -1.0 | 3.6 | 20.3 | .12 | 7 | 03-06-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 4.63 | 3.50 | 4.00 | .50 | 14.29 | 9.25 | 3.50 | .16 | .72 | 3.80 | 15.15 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -6.8 | NE | .00 | 0 | 00-00-00 | 98.2 | -6.7 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 19.00 | 17.25 | 18.50 | .50 | 2.78 | 26.81 | 17.25 | -.29 | -.42 | -2.55 | -27.36 | .89 | .14 | N | 16.8 | 21.0 | 7.5 | 19.1 | .26 | 1.4 | 02-10-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 6.63 | 5.75 | 6.00 | -.63 | -9.43 | 11.25 | 5.38 | -.06 | -.58 | -1.60 | -6.23 | .17 | -.38 | F | -69.0 | -4.0 | .7 | 35.3 | .10 | 1.7 | 01-24-84 | 333.5 | 2.2 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 8.75 | 8.00 | 8.50 | .50 | 6.25 | 11.50 | 8.00 | -.33 | -.11 | -1.95 | -4.94 | .53 | -.03 | N | -4.9 | 8.0 | 4.6 | 14.7 | .16 | 1.9 | 01-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 4.88 | 3.63 | 4.63 | .13 | 2.78 | 8.38 | 3.50 | .00 | 4.43 | 1.13 | -31.25 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 8.63 | 7.75 | 8.00 | -.13 | -1.54 | 11.88 | 4.94 | .12 | -.43 | -2.03 | 23.83 | .50 | .26 | Q | 83.8 | 99.0 | 3.7 | 14.0 | .05 | 6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 18.00 | 16.00 | 17.50 | -.25 | -1.41 | 29.00 | 13.94 | -.18 | .15 | -.54 | -7.74 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 33.0 | .00 | 0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Ch Full O Nut | CHF | 12.50 | 11.63 | 11.63 | -.75 | -6.06 | 24.38 | 10.25 | -.56 | -.42 | -10.52 | 10.27 | .64 | .15 | Q | 32.6 | -2.0 | 2.9 | 19.1 | .50 | 4.3 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 23.63 | 21.38 | 22.38 | .38 | 1.70 | 33.50 | 21.25 | -.09 | .74 | 1.74 | 25.70 | 1.66 | -.53 | F | -24.2 | 3.0 | 6.8 | 13.5 | .72 | 3.2 | 01-23-84 | 464.1 | 31.6 | 1.8 | 62 | 11.74 | 1282 |
| Collins Foods | CF | 17.13 | 15.75 | 15.75 | -.50 | -3.08 | 21.63 | 14.75 | -.18 | -1.46 | .05 | -19.93 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 9.3 | .20 | 1.3 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 22.13 | 19.75 | 21.50 | .13 | .58 | 22.13 | 14.53 | .72 | 2.39 | 3.65 | 35.65 | .08 | .57 | S | NC | 86.0 | 1.3 | 37.7 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 13.50 | 12.25 | 12.50 | -.38 | -2.91 | 18.75 | 10.88 | .35 | -.97 | -1.69 | -2.92 | .26 | .14 | N | 70.0 | 39.0 | 2.5 | 36.8 | .00 | 0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.25 | 17.50 | 19.50 | 2.25 | 13.04 | 27.34 | 15.75 | .52 | .60 | -4.85 | -17.22 | .86 | .10 | S | 12.5 | 25.0 | 4.4 | 21.7 | .14 | .7 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 33.50 | 30.75 | 33.13 | 2.38 | 7.72 | 39.25 | 29.00 | .14 | .29 | -2.08 | -7.10 | 2.54 | .15 | S | 5.8 | 12.0 | 3.8 | 12.3 | .72 | 2.2 | 03-06-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 16.50 | 14.50 | 16.13 | 1.13 | 7.50 | 25.50 | 12.75 | .21 | 1.94 | 4.83 | 28.16 | .99 | .05 | F | 5.3 | 58.0 | 6.8 | 16.3 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 19.38 | 18.38 | 19.25 | .75 | 4.05 | 28.75 | 18.13 | -.10 | .41 | -1.00 | -37.35 | 1.62 | .22 | Q | 15.0 | 24.0 | 10.2 | 11.5 | .28 | 1.5 | 11-01-83 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| Fast Food Oper | POPI | 1.81 | 1.69 | 1.69 | .00 | .00 | 4.63 | 1.13 | .95 | .19 | -4.67 | -53.29 | .05 | .05 | N | NC | 81.0 | 6.5 | 33.8 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 29.13 | 26.50 | 29.13 | 2.88 | 10.95 | 32.94 | 14.91 | .00 | 2.32 | -2.82 | 19.70 | 1.85 | .77 | S | 51.3 | 25.0 | 3.7 | 12.8 | .40 | 1.4 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 6.25 | 5.88 | 5.88 | -.13 | -2.08 | 15.88 | 5.63 | -.17 | -.37 | -4.75 | 27.13 | -.20 | -.46 | N | NC | 12.0 | -3.2 | NE | .00 | .0 | 00-00-00 | 25.0 | -.8 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.50 | 10.25 | 10.38 | -.13 | -1.19 | 12.00 | 8.25 | .04 | -.24 | 8.45 | -14.29 | -1.10 | -1.81 | N | -161.6 | -30.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | [illegible] | 52.50 | 48.50 | 51.50 | 2.63 | 5.37 | 60.25 | 43.00 | .03 | .15 | 2.47 | 24.10 | 4.20 | 1.08 | F | 34.6 | 6.0 | 16.8 | 12.3 | 1.80 | 3.5 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 45.50 | 42.50 | 43.63 | -.63 | -1.41 | 59.00 | 38.50 | .03 | .04 | .24 | 13.28 | 3.28 | .78 | F | 31.2 | 12.0 | 7.8 | 13.3 | .90 | 2.1 | 03-12-84 | 1585.1 | 124.4 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 18.13 | 15.50 | 18.13 | .88 | 5.07 | 30.78 | 15.31 | -.44 | 3.01 | 3.28 | 9.67 | 1.15 | .45 | F | 64.2 | 106.0 | 4.0 | 15.8 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 6.50 | 6.00 | 6.50 | .50 | 8.33 | 10.75 | 6.00 | -1.15 | .56 | -3.06 | 47.52 | .00 | -.79 | Q | -114.4 | -16.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 34.00 | 33.00 | 34.00 | 1.00 | 3.03 | 40.00 | 28.00 | .00 | .66 | -3.25 | -42.22 | 2.94 | .77 | F | 35.4 | 72.0 | 6.2 | 11.6 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 15.38 | 14.50 | 14.50 | -.13 | -.85 | 23.00 | 9.22 | .32 | -.60 | 1.87 | -42.50 | .92 | .94 | S | 241.0 | 63.0 | 4.8 | 10.9 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 13.63 | 12.38 | 12.38 | -1.00 | -7.48 | 18.13 | 11.50 | .19 | -1.54 | -.86 | 26.63 | 1.00 | .06 | Q | 6.2 | 22.0 | 4.1 | 12.1 | .20 | 1.6 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 14.25 | 13.63 | 13.88 | .13 | .91 | 23.13 | 11.88 | -.07 | -.11 | -.48 | -24.28 | 1.33 | -.07 | S | -5.3 | 17.0 | 4.6 | 11.2 | .12 | .9 | 01-30-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 4.00 | 3.38 | 3.50 | -.38 | -9.68 | 10.75 | 3.38 | -1.23 | -3.46 | 1.00 | 11.36 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 8.00 | 7.00 | 7.13 | -.75 | -9.52 | 18.75 | 6.75 | -.80 | -.87 | -7.62 | -9.42 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 71.3 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 23.75 | 18.75 | 19.75 | -4.00 | -16.84 | 43.75 | 18.75 | -.68 | -.80 | 7.90 | 15.75 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 12.9 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.63 | 32.25 | 34.13 | 1.50 | 4.60 | 39.75 | 28.00 | .05 | .26 | -5.58 | .39 | 1.53 | .22 | S | 15.3 | 27.0 | 9.8 | 20.7 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0683 |
| Marcus Corp | MRCS | 12.63 | 11.88 | 11.88 | -.38 | -3.06 | 15.13 | 10.00 | -.08 | -.11 | 5.22 | -45.56 | 1.28 | .13 | N | 10.6 | 6.0 | 6.1 | 8.8 | .25 | 2.1 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 67.50 | 63.50 | 64.75 | .88 | 1.37 | 81.00 | 58.63 | .08 | -.59 | -4.36 | -4.14 | 4.15 | .71 | F | 20.6 | 37.0 | 3.8 | 15.6 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 67.50 | 64.75 | 66.63 | 1.63 | 2.50 | 74.50 | 55.75 | .06 | .04 | -.86 | 13.43 | 5.74 | .74 | F | 14.8 | 24.0 | 11.2 | 11.6 | 1.00 | 1.5 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 15.88 | 13.13 | 15.88 | 1.88 | 13.39 | 21.06 | 13.13 | -.05 | 1.45 | 6.72 | 23.66 | 1.34 | .19 | S | 15.4 | 13.0 | 4.5 | 11.2 | .40 | 2.5 | 12-30-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 8.00 | 7.50 | 7.88 | .25 | 3.28 | 10.50 | 6.00 | -.21 | .97 | 2.52 | 39.17 | .45 | 1.46 | Q | NE | -25.0 | 1.1 | 17.5 | .00 | .0 | 05-29-80 | 63.2 | .7 | 1.3 | 4.01 | 4.26 | 0983 |
| Nathans | NATH | 2.50 | 2.13 | 2.13 | -.38 | -15.00 | 3.63 | 1.44 | -.44 | -1.97 | 9.06 | 79.08 | .09 | .12 | N | 120.0 | 25.0 | 1.1 | 9.7 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 10.50 | 8.50 | 8.50 | -1.50 | -15.00 | 32.75 | 8.50 | -2.17 | -1.45 | 4.86 | -6.32 | .70 | -.10 | S | -13.3 | 59.0 | 3.6 | 13.1 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 20.00 | 17.50 | 20.00 | 2.50 | 14.29 | 20.00 | 14.00 | .48 | 2.99 | -.79 | 50.00 | .84 | .15 | F | 21.7 | -10.0 | .3 | 23.8 | .32 | 1.6 | 12-08-83 | 160.4 | .5 | .7 | 7.17 | 14.49 | 0983 |
| Peoples Rest | PEPL | 4.88 | 4.00 | 4.38 | -.63 | -12.50 | 15.13 | 3.88 | -.34 | -.07 | 4.75 | -13.91 | .28 | .04 | S | 22.2 | 99.0 | 7.5 | 19.9 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 17.38 | 16.13 | 17.38 | 1.00 | 6.11 | 17.63 | 12.75 | .38 | .67 | -.18 | -.86 | .99 | -.43 | S | -33.0 | 2.0 | 3.9 | 20.0 | .60 | 3.5 | 03-09-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 11.25 | 9.63 | 9.63 | -1.63 | -14.44 | 17.50 | 8.97 | .01 | -1.75 | -2.70 | -1.02 | 1.16 | .61 | F | 110.9 | 23.0 | 2.4 | 8.3 | .08 | .8 | 01-10-84 | 148.9 | 3.6 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 5.38 | 2.75 | 2.75 | -2.63 | -48.84 | 26.00 | 2.75 | -.41 | -3.20 | 3.36 | -6.16 | 1.27 | -1.69 | N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 13.88 | 13.38 | 13.50 | -.13 | -.92 | 16.75 | 12.75 | -.02 | -.26 | -1.51 | -29.13 | .37 | .41 | Q | NC | 4.0 | 1.9 | 32.9 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 22.75 | 19.50 | 22.00 | 2.25 | 11.39 | 25.25 | 16.00 | .21 | -.51 | 1.24 | -4.25 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 18.6 | .40 | 1.8 | 03-02-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 8.75 | 7.25 | 7.75 | .38 | 5.08 | 11.88 | 6.88 | .02 | -1.23 | -.43 | 12.95 | .13 | .86 | F | NE | -24.0 | .7 | 59.6 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 16.75 | 15.50 | 15.50 | -1.25 | -7.46 | 23.25 | .00 | -.26 | -.78 | -.81 | -16.07 | .57 | .63 | Q | NC | 57.0 | 3.8 | 24.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.50 | 7.13 | 7.25 | -.13 | -1.69 | 11.38 | 7.00 | -.25 | .52 | .85 | 7.09 | .88 | .10 | F | 12.8 | 31.0 | 1.9 | 8.2 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 18.25 | 16.75 | 16.75 | -1.25 | -6.94 | 28.25 | 15.50 | .00 | -1.64 | -1.22 | .33 | .52 | .20 | F | 62.5 | 86.0 | 10.6 | 32.2 | .00 | .0 | 04-20-83 | 19.8 | 2.1 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 29.50 | 26.63 | 28.50 | 2.00 | 7.55 | 40.25 | 23.56 | .43 | .29 | -3.05 | 44.26 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 12.6 | .44 | 1.5 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 11.25 | 10.50 | 10.50 | -1.25 | -10.64 | 15.50 | 9.00 | .50 | .24 | 1.79 | 64.58 | .70 | -.18 | S | -23.6 | 17.0 | 4.5 | 18.1 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.00 | 8.50 | 8.75 | -.25 | -2.78 | 15.00 | 7.50 | .14 | .11 | -4.69 | 8.15 | .23 | -.12 | F | -34.2 | 5.0 | 1.2 | 38.0 | .00 | .0 | 06-02-81 | 73.0 | .9 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 14.50 | 13.50 | 13.50 | -1.00 | -6.90 | 18.00 | 12.72 | -.35 | -.16 | 1.42 | 23.29 | .67 | -.35 | N | -36.8 | 26.0 | 1.5 | 22.5 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.75 | 22.13 | 23.50 | 1.25 | 5.62 | 27.38 | 20.00 | .43 | .12 | -3.38 | -.77 | 1.17 | .25 | F | 27.1 | 37.0 | 6.0 | 20.1 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Sizzler Rest Intl | SIZZ | 10.50 | 10.00 | 10.00 | -.38 | -3.61 | 16.25 | 8.75 | .30 | -.49 | -3.37 | 17.24 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 9.6 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.75 | 9.25 | 9.75 | .25 | 2.63 | 15.50 | 7.84 | -.17 | .76 | -2.67 | 32.90 | .81 | .33 | F | 68.7 | 25.0 | 4.0 | 12.0 | .06 | .6 | 10-11-83 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | -.06 | .22 | .09 | 36.36 | 1.02 | .65 | F | 175.6 | -6.0 | 2.3 | 17.2 | .26 | 1.5 | 10-05-83 | 73.4 | 1.7 | 1.1 | 34.95 | 12.66 | 1282 |
| So Hospitality | SHOS | 4.63 | 3.88 | 4.38 | -.13 | -2.78 | 7.50 | 3.88 | -.15 | 3.65 | 4.44 | 3.62 | .27 | .07 | S | 29.1 | 89.0 | 3.8 | 14.1 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 8.63 | 7.63 | 8.00 | .38 | 4.92 | 10.00 | 5.13 | -.02 | -.89 | -.73 | 2.29 | .29 | .07 | Q | 31.8 | 67.0 | 2.1 | 27.6 | .00 | .0 | 05-17-79 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF Texas | TEXF | 3.75 | 3.75 | 3.75 | -.25 | -6.25 | 7.50 | 3.75 | -1.18 | .08 | -3.68 | 38.00 | .02 | .05 | N | NC | 58.0 | .0 | 75.0 | .00 | .0 | 00-00-00 | 4.8 | .0 | 5 | 3.50 | -.17 | 1282 |
| Victoria Stations | VSTA | 6.13 | 5.38 | 6.00 | .13 | 2.13 | 13.63 | 5.38 | -.63 | -.16 | -1.37 | -1.68 | -1.02 | -.61 | N | NE | -63.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | 6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 15.50 | 14.13 | 15.00 | .47 | 3.23 | 16.50 | 10.78 | .12 | 1.23 | 1.32 | -18.05 | 1.01 | .17 | F | 20.2 | 20.0 | 7.7 | 14.9 | .24 | 1.6 | 03-14-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 9.75 | 9.50 | 9.50 | -.25 | -2.56 | 17.50 | 9.50 | -.76 | .27 | 4.14 | -15.77 | .92 | -.07 | N | -6.1 | 7.0 | 3.1 | 9.0 | .16 | 1.7 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 11.88 | 10.88 | 11.63 | .13 | 1.09 | 17.13 | 10.75 | -.13 | .00 | 1.91 | -56.64 | 63 | .00 | F | .0 | 9.0 | 3.3 | 18.5 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

'Senseless deaths'
Doctor, teacher are killed in head-on crash; motorist is held on drunken driving charge
By JUNE ALTMAN
Franz Schlunk always drove conservatively because he considered the nation's roads dangerous.
Schlunk, a doctor at Little Company of Mary Hospital in Evergreen Park, was driving in the right lane
trative assistant, was set at $150,000
Monday. He is being held at Cook
County Jail and is scheduled
pear in court Jan. 5.
The Schlunks, parents of
grown children and residents o
los Heights, were on their
home after a holiday party at a
10:45 p.m. Saturday when the a
dent happened. They were hea
6-year term assessed in DWI case
34-year-old woman whose
off a freeway and into a
9-month-old boy,
prison sen-
Driver in fatal crash given 2 years
Judge scolds drunken man who killed San Jose couple, unborn twins
By Ellen Norman
Times Tribune staff
SAN JOSE — A 22-year-old drunken driver who killed a San Jose couple and their unborn twins was sentenced Friday to
two years in state prison.
In a stern
drinking and smoking marijuana because he is "bored."
He also said that his
been killed
unt and uncle had
dents, each caused
the one drunken
d when he found
n, he was angry
al, so he sought
ken driver in
rged with sec-
dismissed the
felt the evi-
with malice
dangerous.
flames. Their 3-year-old son, who was ejected from the car, survived.
Evidence introduced at the trial indicated Jones drank a six-pack of beer and two or three mixed drinks, then smoked some marijuana with his friends shortly before the fatal crash.
In imposing the two-year prison term on Jones, Kennedy considered a report prepared by probation officer James Grubbs. Grubbs wrote that Jones did not show remorse and that he doubted Jones would be rehabilitated in prison.
Grubbs also said, however, that the seriousness of the crimes required a state-prison sentence.
Bar, owners dismissed from fatal accident suit
By PAM LONG
Journal-News Writer
The King of Clubs nightclub and its owners were dismissed Monday from a suit filed by the founder of the local chapter of
She later amended the suit to in
clude Rogers, McFadden and th
King of Clubs, claiming the ba
owners and employees wer
negligent in serving Ross.
In his dismissal, the judg
noted the plaintiff, Tavior, "mu

***The number of cases*** *in which restaurant/bar owners and service personnel are being held liable for alcohol-related accidents is increasing at a rate of 300% each year, experts say.*

multiplies by 300% each year, says Ronald Shaw Beitman, a Massachusetts attorney who compiles the Dram Shop and Alcohol Reporter, a monthly newsletter on dram-shop cases.

Since the first common-law decision, *Rappaport v. Nichols* (New Jersey, 1959), courts have imposed third-party liability upon tavern and liquor store owners who violated ABC laws, who sold or served alcohol to an intoxicated person or minor. But in most common-law cases, it's been tough to make the charges stick.

"The primary drawback of common-law liability as a method to combat drunk driving is that the inconsistencies of interpretation from state to state, and even between individual cases within a state, make it difficult for a plaintiff to recover damages against the tavern or restaurant owner," says James Goldberg, counsel to the National Alcoholic Beverage Control Association Inc., and compiler of the NABCA's annual Summary of Dram Shop Statutes and Court Cases.

But there are plenty of dram-shop and common-law cases whose outcome has not favored the bar and restaurant owners or their employees:

- In *Rappaport v. Nichols*, the New Jersey Supreme Court awarded the plaintiff's family compensation from a tavern owner for damages arising from the illegal sale of alcohol to a minor later involved in an automobile accident.
- In the dram-shop case of *Kerby v. the Flamingo Club Inc.* (Colorado, 1974), the widow of a cab driver who had been assaulted and killed in a tavern parking lot brought action against the tavern for her husband's death. The cab driver had been called to the tavern to pick up passengers. However, when a woman passenger was pulled from his cab, the driver interceded on her behalf. He was attacked by four or more patrons of the tavern and subsequently died from his injuries.

The tavern owner was found liable for the cab driver's death because he had served alcohol to the patrons when they lacked responsibility for their behavior. Such intoxication was found to be a contributing cause of the fatal injuries.

- In *Ewing v. The Cloverleaf Bowl* (California, 1978), a 21-year-old male celebrating his birthday consumed 10 straight shots of 151 proof rum, one Vodka Collins and two beer chasers in less than two hours, before dying of acute alcohol poisoning. A lower court initially dismissed the widow's civil liability suit against The Cloverleaf Bowl, but the state Supreme Court overruled, awarding her damages.
- In *Tomlinson v. McCutcheon* (Ohio, 1982), a motorist whose automobile was struck by a drunk driver brought suit to recover damages, naming the tavern owner who served the driver as defendant. The U.S. District Court ruled that the liquor-control law barring the sale of liquor to intoxicated persons was enacted to protect third parties as well as the patrons of the bar; that violation of this statute constituted negligence on the part of the tavern owner; that the sale of the liquor could be regarded as a contributory cause of the injuries, and that the plaintiff was protected by the statute.
- In *Davis v. Billy's Con-Teena Inc.* (Oregon, 1978), the court ruled that tavern owners who served beer to a minor in violation of the state's dram-shop statute could be held liable for the death of a third party killed in an automobile accident caused by the intoxicated minor.
- In the case which established the precedence of common-law liability in North Carolina, *Hutchens v. Hankins* (June 1983), the defendant Hutchens became intoxicated in a bar and subsequently killed an innocent person in an automobile accident. The deceased's family sued Hankins, the tavern owner, for death and injuries caused by the car accident.

After the trial court dismissed the motion for failure to state a claim, the state Court of Appeals overturned the judgment and ruled that a bar, restaurant or liquor store licensee could be held liable for injuries or damages resulting from the acts of someone who was illegally provided alcoholic beverages while intoxicated.

But it's not only such classic scenarios that an alcohol dispenser or seller must be wary of. Dram-shop and common-law suits have ranged from the frivolous to the bizarre. For instance:

- In *Nazareno v. Urie* (Alaska, 1981), the plaintiff filed suit against a bar owner after being injured when a drunken patron collided with her on the bar's dance floor. The Alaska Su-

## Liquor and drunk-driving statutes across the U.S.

| STATE | DRAM SHOP STATUTE | COMMON LAW LIABILITY | NO LIABILITY OR NO CASES | DRINKING AGE | 1ST OFFENSE LICENSE SUSPENSION | BLOOD ALCOHOL CONTENT (BAC) DEFINING DRIVING WHILE INTOXICATED (DWI) |
|---|---|---|---|---|---|---|
| ALABAMA | X | | | 19 | 90 days | 0.10 |
| ALASKA | X | | | 21 | 90 days | 0.10 |
| ARIZONA | | X | | 19 | 30 days | 0.10 |
| ARKANSAS | | | X | 21 | 90 days to one year | 0.10 |
| CALIFORNIA | X | | | 21 | None | 0.10 |
| COLORADO | X | X | | 21; 18 for beer | One year (0.15 bac) | 0.15 |
| CONNECTICUT | X | | | 20 | Six months | 0.10 |
| DELAWARE | | | X | 21 | Three months | 0.10 |
| DISTRICT OF COLUMBIA | | X | | 21; 18 for beer and wine | Six months | 0.10 |
| FLORIDA | X | | | 19 | Six months | 0.10 |
| GEORGIA | X | | | 19 | One year | 0.12 |
| HAWAII | | X | | 18 | 90 days | 0.10 |
| IDAHO | | X | | 19 | 180 days | 0.10 |
| ILLINOIS | X | | | 21 | One year maximum | 0.10 |
| INDIANA | | X | | 21 | 60 days to one year | 0.10 |
| IOWA | X | | | 19 | 120 days | 0.13 |
| KANSAS | | | X | 21; 18 for beer | Limited use | 0.10 |
| KENTUCKY | | X | | 21 | None | 0.10 |
| LOUISIANA | | X | | 18 | 60 days | 0.10 |
| MAINE | X | | | 20 | 45 to 90 days | 0.10 |
| MARYLAND | | | X | 21 | 60 days maximum | 0.13 |
| MASSACHUSETTS | | X | | 20 | 30 days to one year | 0.10 |
| MICHIGAN | X | | | 21 | Six months to one year | 0.10 |
| MINNESOTA | X | | | 19 | 30 days | 0.10 |
| MISSISSIPPI | | X | | 21; 18 for beer | 90 days to one year | 0.10 |
| MISSOURI | | X | | 21 | 90 days | 0.13 |
| MONTANA | | | X | 19 | Six months | 0.10 |
| NEBRASKA | | | X | 20 | Six months | 0.10 |
| NEVADA | | | X | 21 | 90 days | 0.10 |
| NEW HAMPSHIRE | | | X | 20 | 90 days | 0.10 |
| NEW JERSEY | | X | | 21 | Six months | 0.10 |
| NEW MEXICO | X | X | | 21 | None | 0.10 |
| NEW YORK | X | | | 19 | Six months | 0.10 |
| NORTH CAROLINA | X | X | | 21; 19 for beer and wine | One year | 0.10 |
| NORTH DAKOTA | X | | | 21 | 91 days | 0.10 |
| OHIO | X | | | 21; 19 for beer | 60 days | 0.10 |
| OKLAHOMA | | | X | 21 | One year | 0.10 |
| OREGON | X | X | | 21 | One year | 0.08 |
| PENNSYLVANIA | X | | | 21 | One year | 0.10 |
| RHODE ISLAND | X | | | 20 | Three to six months | 0.10 |
| SOUTH CAROLINA | | | X | 21; 18 for beer and wine | Six months | 0.10 |
| SOUTH DAKOTA | | X | | 21; 18 for beer | 30 days | 0.10 |
| TENNESSEE | | | X | 19 | One year | 0.10 |
| TEXAS | | | X | 19 | One year maximum | 0.10 |
| UTAH | X | | | 21 | 90 days | 0.08 |
| VERMONT | X | | | 18 | One year | 0.10 |
| VIRGINIA | | | X | 21; 19 for beer | Six months | 0.10 |
| WASHINGTON | | X | | 21 | 90 days | 0.10 |
| WEST VIRGINIA | | | X | 19 | Six months | 0.10 |
| WISCONSIN | | | X | 18 | Three months | 0.10 |
| WYOMING | X | X | | 19 | 90 days | 0.10 |
| TOTAL | 23 | 18 | 15 | | | |

Sources: The National Alcoholic Beverage Control Association Inc.; The Property and Casualty Insurance Industry.

preme Court ultimately ruled that the bar owners failed to conduct themselves with reasonable care and prudence when dispensing alcohol, and that they violated a statute specifically prohibiting the sale of alcohol to intoxicated patrons.

Dram-shop and common-law cases have even been filed on behalf of bar patrons who fell off a stool and broke a bone. And innocent third-party victims have arbitrarily sued one or more establishments frequented by the drunken person who injured them. In most cases, however, it is the last stop on the drunk's drinking spree which is held liable under dram-shop or common law.

New dram-shop liability statutes were enacted in New Mexico on April 8, 1983, and in North Carolina, effective Oct. 1, 1983. Legislation limiting tavern owner liability, overturning a 1982 court case, passed both houses of the South Dakota Legislature but was vetoed by the Governor. An interim committee of the Legislature is working on legislation for introduction this year. And major decisions finding dram-shop liability under common law were reported in Arizona, North Carolina and Wyoming.

Most experts agree that until a uniform set of national drunk-driving laws is adopted, as the Presidential Commission on Drunk Driving last year urged, dram shop will remain a cloudy issue.

As some argue, the current use of dram shop does not have a preventive focus, and as administered, creates arbitrary and unfair results. The questions of who may sue, who may be sued, what actions may give rise to liability, and what the special exceptions and limits on liability are, must receive the same answers across the United States, they say. The "obviously intoxicated" standard is too vague; even the most careful server might serve an eventual drunk driver and later face possible liability.

For now, the best preventive measures servers and sellers can take are to recognize the signs of drunkenness and take appropriate steps to protect patrons and innocent victims of drunk drivers, says Robert Alan Palmer, general counsel for the National Restaurant Association. Palmer suggests that additional server intervention, education and training courses be implemented everywhere.

"We must improve server and seller awareness of the dram-shop laws," says Palmer. "All-you-can-drink promotions foster dram-shop cases and increase moral and legal accountability. It's up to the bar and restaurant operators and employees to keep their patrons from driving drunk." Restaurant and bar owners should encourage employees to ask groups of drinkers to identify drivers, he added.

John R. Moulden, the alcohol program coordinator for the National Transportation Safety Board, has called for "more voluntary self-policing and regulation" by the restaurant and bar industries. "Preventive measures must begin at the local level," says Moulden, who recommends tax credits for bars and restaurants which adhere to "responsible" alcohol dispensing procedures.

The best civil-liability defense against common law or dram shop "is a witness," claims Karen Peters, former counsel to the New York State division of alcoholism and alcohol abuse, and a one time defense attorney and prosecutor in dram-shop cases.

"The best defense for a restaurant and bar is that a person was not actually intoxicated when he or she left the establishment. It is helpful to have a witness, like another employee, to say, 'He was cut off before he got drunk and left.'"

**—Ken Frydman**

## FINANCIAL NEWS

# Pizza Inn profit rises 111%

DALLAS—Pizza Inn reported that net profit for fiscal 1983, ended Dec. 25, leaped 111% to $3.6 million, compared to the previous year.

Revenue was up almost 6% to $148.9 million.

In the fourth quarter net profit climbed 46% to $698,000, as sales increased more than 8% to $37.4 million.

Chairman and president F. J. Spillman said that in the past two years the company had developed "strategic programs" designed to improve product quality, management, efficiency and consumer appeal, and that last year's sales and profit increases were "a result of our commitment" to these projects.

At year-end Pizza Inn owned and operated 291 restaurants, including three specialty restaurants (two J. T. McCord's and one R. G. Maxwell's). Franchisees operated 422 Pizza Inns and one J. T. McCord's.

The company said that expansion is planned for the J. T. McCord's concept, which features gourmet burgers on its menu.

# *Vicorp files for public offering*

DENVER—Vicorp Restaurants has filed with the Securities and Exchange Commission a proposed offering of $35 million of subordinated debentures that are convertible to Vicorp common stock.

Net proceeds from the offering would be used to reduce debt incurred in the acquisition of 71 dinnerhouses of Continental Restaurant Systems from a division of Ralston-Purina Company for $61 million.

Vicorp owns or operates 201 restaurants and franchises another 125. It is the franchisor of Village Inn Restaurants.

For the first quarter, ended Feb. 5, net profit went up 96%, compared to the same period last year, to more than $1 million, as revenue increased 131% to $34 million. The results included the Baker Square restaurant group, formerly Pillsbury's Poppin Fresh Pies.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# El Torito earnings increase 23% in '83

IRVINE, Calif.—El Torito Restaurants finished fiscal 1983 on Dec. 31 with $7.8 million in net profit, 23% more than the year before.

Sales rose 22% over 1982 to $210.7 million for the year. The number of restaurants grew to 119 from 97, a 23% increase.

El Torito, which went public in mid-January, is 73%-owned by W. R. Grace & Co. Figures have been adjusted as if the company went public Jan. 1.

For the fourth quarter, net profit was $1.6 million, a 32% advance over the 1982 fourth quarter, and sales were $53.8 million, a 20% gain.

The company, which operates more Mexican dinnerhouses than any other firm, will continue expanding into the Northeast, said president Larry J. Cano.

# McFaddin Ventures profit up 76% to $32 million

HOUSTON—McFaddin Ventures reports a 76% rise in net profit to $3.1 million on a 38% sales increase to $32 million in fiscal 1983 ended Nov. 30 compared to year-earlier figures.

Michael Boxberger, president of the Houston-based developer and operator of concept-oriented clubs and restaurants, attributed the profit increase to an expansion program and the development of a new club called Confetti.

Eight clubs were opened in 1983, bringing the total number of units to 20. The company plans to open 10 more clubs by the end of the year, financed with part of the cash raised by its initial offering on Dec. 15 of 1.2 million shares at $12.50 a share.

Proceeds from the offering will also be used to acquire existing units for conversions, renovate existing clubs and repay debt, Boxberger said.

McFaddin Ventures designs, develops and operates clubs with restaurants and entertainment in Houston, Dallas, Denver, Memphis, Atlanta, Tampa, Jacksonville, Knoxville and Bakersfield and Sunnyvale, Calif.

The clubs are called Confetti, Todd's, Trills, American Pie and 'elan.

McFaddin Ventures is the successor corporation to the club-related operations of McFaddin Kendrick Inc., founded in 1974, and McFaddin Affiliates Inc., founded in 1981.

# Allegheny net increases 16% to $10.8 million

BALTIMORE—Allegheny Beverge Corp. recorded a net profit of $10.8 million in fiscal 1983, a 16% increase over the $9.4 million reported the year earlier. Revenue was up 16% to $527 million from $453 million the previous year.

During the fourth quarter Allegheny reported a profit of $3.4 million, a 4% increase over the $3.3 million recorded in the comparable 1983 period. Revenue for the quarter was up 8.75%, from $121 million to $138 million.

# RA net up 15% to $2.2M in '83

NEW YORK—Restaurant Associates Ind., the broad-based food-service and newsstand company, posted a net profit of $2.2 million for fiscal 1983, ended Dec. 31, a 14.7% increase over 1982 figures. Revenue for the year rose 13.5% to $118.9 million.

In the fourth quarter, the company's net profit was $986,000 on revenue of $30 million, increases of 62.4% and 9.4% respectively over last year's comparable quarter.

Restaurant Associates operates more than 80 full-service restaurants in the eastern United States and 130 office-building newsstands and hotel gift shops in major cities throughout the country.

The company, which posted its seventh consecutive year of improved operating earnings, added four restaurants and 14 newsstands during fiscal 1983.

# New name signals change in Steak 'n Shake strategy

INDIANAPOLIS—Steak 'n Shake shareholders were expected this month to approve changing the company's name to Consolidated Products Inc., signifying a new strategic plan for the 123-unit coffee shop chain.

The company plans to diversify through acquisitions in and beyond the food-service industry, according to president Jeremy McKenzie.

"It's an indication that our investors and management believe that the major part of the Steak 'n Shake program is completed," he said.

That program calls for the remodeling of an additional 29 Steak 'n Shake outlets to an updated coffee shop format featuring contemporary earth tones, brass, wood and plants. So far 18 units have been made over.

The lion's share of the Steak 'n Shake system dates from decades past and shows it with black and white art-deco styling—not an imitation but the real thing.

A group of financiers led by E. W. Kelley, an early architect in Heublein Inc., took over the ossified chain in June 1981.

Now it appears that the turned-around debt-free, and cash-laden Steak 'n Shake will be used as a platform for future diversification. McKenzie, however, declined to reveal specific plans or timetables.

Steak 'n Shake finished fiscal 1983 in September with $5.6 million in cash, up from $3.2 million the year before. With long-term debt of only $600,000 and a net worth of more than $13 million, the company has upward of $20 million in borrowing power.

Insiders own almost 50% of the company's stock and the firm has bought back almost 10% of its shares in recent years.

For the first quarter ended Dec. 21, Steak 'n Shake posted a 55% net profit gain to $587,000. All of that advance owed to tax credits, largely as the result of the acquisition of five ailing franchised stores in Cincinnati.

First-quarter revenue was up 8.5% to $15.7 million over the 1982 period.

Steak 'n Shake appears to be advancing on a number of fronts. Besides the makeovers, which cost an average of $250,000 each, the company is closing a $1.8 million deal to buy six Sambo's; three in Florida, two in Missouri and one in Indiana.

McKenzie is also launching a Mexican dinnerhouse at Carmel, Ind., in April to be called Tijuana Taxi. Prices would fall between fast-food and full-scale dinnerhouses, McKenzie said.

## *EARNINGS REPORT*

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| A&M Food Services | 3 mos. | 12/27 | $ 8.100 | 33.0 | | | $ 0.249 | – 17.0 |
| | 12 mos. | | | | $ 25.000 | 21.0 | 1.100 | 18.0 |
| Bob Evans Farms | 3 mos. | 1/27 | 29.000 | 14.0 | | | 1.600 | – 8.0 |
| Carl Karcher Ent. | 3 mos. | 1/27 | 69.500 | 24.0 | | | 2.100 | – 4.0 |
| | 12 mos. | | 289.800 | 25.0 | | | 11.500 | 18.0 |
| El Chico | 3 mos. | 2/10 | 17.100 | 13.0 | | | 0.780 | — |
| | 9 mos. | | 52.400 | 17.0 | | | 2.600 | — |
| El Torito | 3 mos. | 12/31 | 53.800 | 20.0 | | | 1.600 | 32.0 |
| | 12 mos. | | 210.700 | 22.0 | | | 7.800 | 23.0 |
| Esteban's Mexican Foods | 3 mos. | 12/31 | 2.890 | 42.0 | | | (0.010) | — |
| | 12 mos. | | | | 10.500 | 52.0 | 0.416 | — |
| Greyhound Corp. | 3 mos. | | | | 432.200 | – 23.5 | 24.200 | 2.5 |
| | 12 mos. | | | | | | 105.500 | 2.0 |
| Noble Roman's | 12 mos. | 12/31 | 29.000 | 12.0 | 11.600 | 18.0 | 0.347 | 18.0 |
| Penn-Tide Corp. | 12 mos. | 9/30 | 3.700 | 64.0 | | | 0.168 | 416.0 |
| Pizza Inn | 3 mos. | 12/25 | 37.400 | 8.0 | | | 0.698 | 46.0 |
| | 12 mos. | | | | 148.900 | 6.0 | 3.600 | 111.0 |
| Restaurant Associates | 3 mos. | 12/31 | | | 30.000 | 9.4 | 0.968 | 62.4 |
| | 12 mos. | | | | 118.900 | 13.5 | 2.200 | 14.7 |
| Steak 'n' Shake | 3 mos. | 12/21 | | | 15.700 | 8.5 | 0.587 | 55.0 |
| Taco Villa | 12 mos. | 12/28 | | | 25.600 | 2.0 | 1.100 | 95.0 |
| Vicorp Restaurants | 3 mos. | 2/5 | | | 34.000 | 131.0 | 1.000 | 96.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Chains escalate TV ad spending 24% in 1983

## Top six burger chains spent average $1 million each day

NEW YORK—Restaurant chains increased network and local television advertising spending 24% to $712 million in 1983 compared to 1982, according to a report issued by the Television Bureau of Advertising.

More than half the total—about $365 million—was spent by the six fast-food burger chains on the bureau's top 15 list of restaurant advertisers.

The only other segment to have more than one chain on the list was fast-food pizza. Pizza Hut was No. 5, spending a total of $47 million, up 32%, and Godfather's Pizza was No. 15, spending $8 million, a 38% increase.

Only three chains on the list are not fast feeders: Red Lobster Inns, whose ad spending was up 11% to $29 million; Denny's whose ad spending dropped 2% to $16.6 million, and Sizzler, which increased ad spending 2% to $9 million.

Denny's and Long John Silver's were the only two chains to show a drop in ad spending.

More than 70% of the total, or $498 million, was spent on local TV ads, But restaurant chains also increased network ad spending 25% to $214 million. The totals for each chain do not include the amounts spent by local advertising cooperatives.

Jack-in-the-box, No. 11 on the list, increased ad spending 71% to $15 million, the biggest jump recorded in 1983. The second biggest increase was made by Hardee's, which boosted ad spending by 63% to $17.6 million and Taco Bell, whose ad spending jumped 62% to $18.5 million.

McDonald's once again headed the list, having increased its total 22% to $186 million, followed by Burger King, whose ad spending was up 29% to $82 million, Kentucky Fried Chicken, up 19% to $50 million and Wendy's, up 57% to $49.7 million.

### 1983 TELEVISION AD SPENDING BY RESTAURANT CHAINS

| Chain and Position | Network Ads | Local Ads | Total* | % Change From 1982 |
|---|---|---|---|---|
| McDonald's | $80,930,900 | $105,024,000 | $185,956,400 | +22 |
| Burger King | 35,642,100 | 46,823,400 | 82,465,500 | +29 |
| Kentucky Fried Chicken | 30,576,700 | 19,250,800 | 49,827,500 | +19 |
| Wendy's | 18,683,400 | 31,029,900 | 49,713,300 | +57 |
| Pizza Hut | 17,006,800 | 30,152,300 | 47,159,100 | +32 |
| Red Lobster Inns | 7,674,000 | 21,086,500 | 28,760,500 | +11 |
| Taco Bell | 0 | 18,559,800 | 18,559,800 | +62 |
| Long John Silver's | 0 | 17,644,400 | 17,644,400 | −12 |
| Hardee's | 0 | 17,582,500 | 17,582,500 | +63 |
| Denny's | 12,165,800 | 4,466,900 | 16,632,700 | − 2 |
| Jack-in-the-Box | 204,100 | 14,838,000 | 15,042,100 | +71 |
| Arby's | 6,270,400 | 7,652,100 | 13,922,500 | +14 |
| Dairy Queen | 0 | 10,625,700 | 10,625,700 | +22 |
| Sizzler | 0 | 8,846,200 | 8,846,200 | + 2 |
| Godfather's Pizza | 0 | 8,103,100 | 8,103,100 | +38 |

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

*Totals do not include ad spending by local advertising cooperatives and franchisee groups.

## NEWS BRIEFS

### Disney seeks site for European theme park

LAKE BUENA VISTA, Fla.—Britain and West Germany are under consideration as sites for the first Walt Disney theme park in Europe, Walt Disney Productions has disclosed.

Final decision on the location of a European Disneyland will not come until year's end. Disney is also considering opening regional entertainment centers that would not compete with either Disneyland in Anaheim, Calif., or Disney World in Orlando, Fla.

Attendance at Disney World, including the Magic Kingdom and Epcot Center, dropped 8% in the company's fiscal first quarter, and continued to drop in January and February. Disney blamed the decline on the unseasonably cold weather in Florida during that period.

### Perkins to apologize in breast-feeding case

BUFFALO—Perkins Restaurants has agreed to issue a formal apology and pay $250 to a woman who was prevented from breast-feeding her baby in one of its units here last summer.

Bonnie Glazer filed a complaint with the New York State Division of Human Rights following the Aug. 17 incident. According to the complaint, the restaurant's manager informed Glazer that health restrictions prohibited breast-feeding in the restaurant. Glazer said her complaint was based on sex discrimination.

Under terms of the agreement, Glazer and her husband will be reimbursed for their meal and will receive cards entitling them to several free meals.

### Holiday Inns opens six regional dev. offices

MEMPHIS—Holiday Inns says it has opened regional development offices in Dallas, Los Angeles, Denver, New York, Atlanta and Chicago. The regional offices will spearhead construction and business development, the company said.

### HoJo headquarters consolidation finished

NORTH QUINCY, Mass.—Howard Johnson Inc. has completed the move of their headquarters from Braintree, Mass., to a site one mile from the company's first Howard Johnson restaurant.

The company moved its 540 employees from three separate buildings into a single seven story location for meetings convenience and employee communication. One of the three old buildings was a drive away from the other two.

## Marriott Corp. combines airline catering operations

WASHINGTON—Marriott Corp. has consolidated its domestic and international airline catering operations into a single new division in an effort to improve service and simplify administration.

Now called Marriott In-Flight Services, the newly formed division will be headed by Daniel J. Altobello, formerly vice president for Marriott's U.S. In-Flight division. Altobello, who joined the company in 1979 as vice president, food service management, will now carry the title of executive vice president, In-Flight Services.

Joining Altobello at the new division will be William J. Bailey, a 23-year veteran of in-flight feeding and most recently vice president, U.S. In-Flight operations for Marriott. Bailey's new title will be senior vice president, operations.

Marriott, with extensive holdings in the food-service, lodging and entertainment businesses, operates 80 flight kitchens and provides catering services for over 150 airlines worldwide.

## NLRB sets aside election, says union was 'coercive'

DEARBORN, Mich.—A Hotel, Motel, Restaurant Employees, Cooks and Bartenders Union, Local 24 representative used "coercive and objectable" tactics in trying to organize Michigan-based Baja's Place, the National Labor Relations Board recently ruled.

Based on this finding, the board set aside a Jan. 9, 1981 election that gave the union the right to represent Baja Place employees in collective bargaining matters.

The board's ruling was prompted by a petition from Baja Place's president John Baja which alleged that during the organizing campaign his bartender, Gary Wood, was threatened by a union representative with physical harm and economic loss if he did not cease opposing the union.

Specifically, 10 days prior to the election Wood received a profane letter from the union representative.

When the bartender questioned the intent of the message, the organizer said Wood "knew why," and that "he would get Wood" and "Wood's job."

The hearing officer who initially heard the case, concluded that "the message [union organizer Dennis] Tap sent to Wood did not itself represent a threat of physical harm."

In addition, the officer argued that Tap's statements were "personal in nature; unrelated to the election".

In overruling the hearing officer's findings, the board stated that the "facts plainly reveal that Tap's statements to Wood were related to the election campaign."

The board pointed out that "Tap conceded that his conduct toward Wood was based on his belief that Wood had been involved in affecting the discharge of a pro-union employee," and not on personal matters.

It is clear that Tap, who represents a number of bar and lounge employees in the area, exercises a significant degree of influence over a large number of jobs in the industry and that "Tap's threats to get Wood's job were not idle threats made in a vacuum," the board added.

Consequently, Tap's statements were clearly "coercive and objectionable as they can be reasonably interpreted as threats of economic retaliation, physical harm and other unspecified reprisals," N.L.R.B. officials said.

The board also disagreed with the hearing officer's finding that Tap's statements to Wood represented an "isolated" incident.

N.L.R.B. officials argued that because Wood repeated Tap's threats to his employer and a number of coworkers, the union representative's statements "were disseminated around the employee work force."

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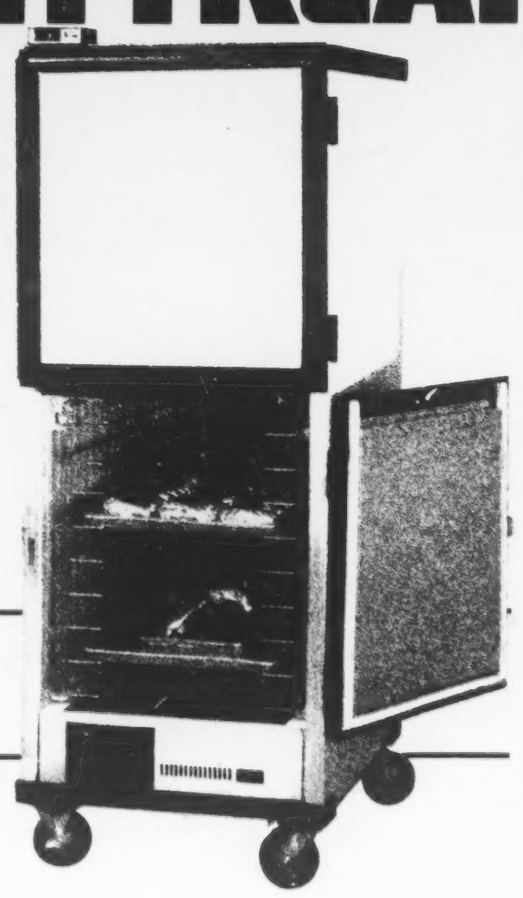

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*FRANCHISING IN THE 80'S: PART 2*

# 'De-identification' remains as a subject of courtroom debate

WASHINGTON—Although restaurant franchisees who dissociate themselves from chains have a legal duty to cease using their former franchisor's trademarks, the question of how far ex-franchisees must go to "de-identify" their operations is a hot issue before the courts.

*'It would be prudent for franchisors to review their franchise agreements . . .'*

Late last year an appeals court in the Ninth Federal Circuit provided one answer to that question which could create long-range trademark problems for a number of major fast-food chains, according to top franchise lawyers.

That court dispute involved a former Shakey's franchisee (Covalt) who chose not to renew at the expiration of his franchise agreement and "took certain steps to de-identify the former 'Shakey's' Pizza restaurants," according to a trademark law analysis prepared by franchise attorneys Lewis G. Rudnick and Erik B. Wulff.

Among other things, Covalt changed the name of the restaurants to "Izzy," returned Shakey's confidential manuals, discontinued all use of Shakey's logo and other registered marks and stopped using the chain's special spice blend.

In addition, the former franchisee "engaged in a multimedia campaign to promote the new name, distributed leaflets to customers in the restaurants to notify them of the name change, [and] changed the names of menu items," Rudnick and Wulff said in review of the case prepared for the International Franchise Association's *Franchise Legal Digest*.

Shakey's, however, demanded that the former franchisee go farther, and threatened legal action unless Covalt agreed to remodel his restaurants, discontinue the interior color schemes and change his menu items (not just the names of those items).

When the ex-franchisee balked at those demands, the chain filed suit in Federal District Court, charging trademark infringement and "unfair competition by maintaining the same" appearance as Shakey's.

The chain lost in that court, but appealed the case to the Ninth Circuit.

According to Rudnick and Wulff—who serve as special counsel to IFA—the appeals court analyzed the dispute in terms of the "likelihood of confusion" presented by the appearance of Covalt's operations, and "took special note of the fact that the former franchisee was not a new entrant in the market, but continued to operate an existing pizza parlor after expiration of the franchise."

In doing so, the Court "sought to 'balance the deterrence of improper marketing techniques against unreasonable impairment of the operation of market forces,'" they said. "The Court then embraced the principle that a former franchisee does not have a duty to ensure that all customers are aware of the disaffiliation, but only the duty not to promote the perception of continued affiliation."

In upholding the lower court ruling against Shakey's and concluding that Covalt had met his legal obligation, the Court "rejected Shakey's market surveys and evidence of actual confusion, explaining that they did not show that confusion was caused by similarity in the names and slogans, but rather by the prior relationship between the parties," the franchise legal experts said.

"The Court found no likelihood of confusion with respect to the names of menu items, and found that the similarities in functional features of the converted restaurants did not amount to unfair competition," they added.

Although Rudnick and Wulff conceded that the appeals court "appears to have reached an equitable result" by ruling against Shakey's in this case, they warned that in doing so the United States Court of Appeals for the Ninth Circuit may have established a "broad principle" with "potentially far-reaching implications" for food-service franchisors.

"The Ninth Circuit is apparently willing to accept the fact that there will be some public confusion after disaffiliation, and believes that this is not actionable unless the franchisee somehow promotes that misperception," Rudnick and Wulff said.

In view of this ruling, "it would be prudent for franchisors to review their franchise agreements to ensure that they contain adequate disaffiliation provisions," the two franchise attorneys recommended.

## *FRANCHISE RESTAURANT DISTRIBUTION BY STATE, 1982*

| State | Total | Company-Owned | Franchisee-Owned |
|---|---|---|---|
| Alabama | 1,266 | 431 | 835 |
| Alaska | 86 | 1 | 85 |
| Arizona | 895 | 283 | 612 |
| Arkansas | 638 | 109 | 529 |
| California | 6,068 | 1,719 | 4,349 |
| Colorado | 1,098 | 342 | 756 |
| Connecticut | 515 | 166 | 349 |
| District of Columbia | 116 | 54 | 62 |
| Florida | 3,052 | 1,088 | 1,964 |
| Georgia | 1,923 | 823 | 1,100 |
| Hawaii | 186 | 69 | 117 |
| Idaho | 226 | 21 | 205 |
| Illinois | 2,870 | 958 | 1,912 |
| Indiana | 2,037 | 591 | 1,446 |
| Iowa | 929 | 193 | 736 |
| Kansas | 888 | 279 | 609 |
| Kentucky | 1,239 | 351 | 888 |
| Louisiana | 1,006 | 325 | 681 |
| Maine | 151 | 37 | 114 |
| Maryland | 754 | 307 | 447 |
| Massachusetts | 705 | 249 | 456 |
| Michigan | 2,498 | 779 | 1,719 |
| Minnesota | 1,245 | 355 | 890 |
| Mississippi | 658 | 112 | 546 |
| Missouri | 1,490 | 514 | 976 |
| Montana | 220 | 9 | 211 |
| Nebraska | 541 | 160 | 381 |
| Nevada | 251 | 102 | 149 |
| New Hampshire | 129 | 27 | 102 |
| New Jersey | 1,035 | 221 | 814 |
| New Mexico | 442 | 108 | 334 |
| New York | 2,198 | 577 | 1,621 |
| North Carolina | 1,366 | 387 | 979 |
| North Dakota | 152 | 9 | 143 |
| Ohio | 3,360 | 1,240 | 2,120 |
| Oklahoma | 1,654 | 498 | 1,156 |
| Oregon | 763 | 176 | 587 |
| Pennsylvania | 2,062 | 759 | 1,303 |
| Rhode Island | 104 | 33 | 71 |
| South Carolina | 905 | 308 | 597 |
| South Dakota | 198 | 25 | 173 |
| Tennessee | 1,512 | 527 | 985 |
| Texas | 5,508 | 2,062 | 3,446 |
| Utah | 345 | 87 | 258 |
| Vermont | 52 | 3 | 49 |
| Virginia | 1,339 | 419 | 920 |
| Washington | 975 | 308 | 667 |
| West Virginia | 475 | 164 | 311 |
| Wisconsin | 1,259 | 314 | 945 |
| Wyoming | 160 | 20 | 140 |
| TOTAL: | 59,659 | 18,740 | 40,919 |

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

(NOTE: State totals represent 93% of total establishments. The remaining 7% were unable to provide a geographic breakdown for this report.)

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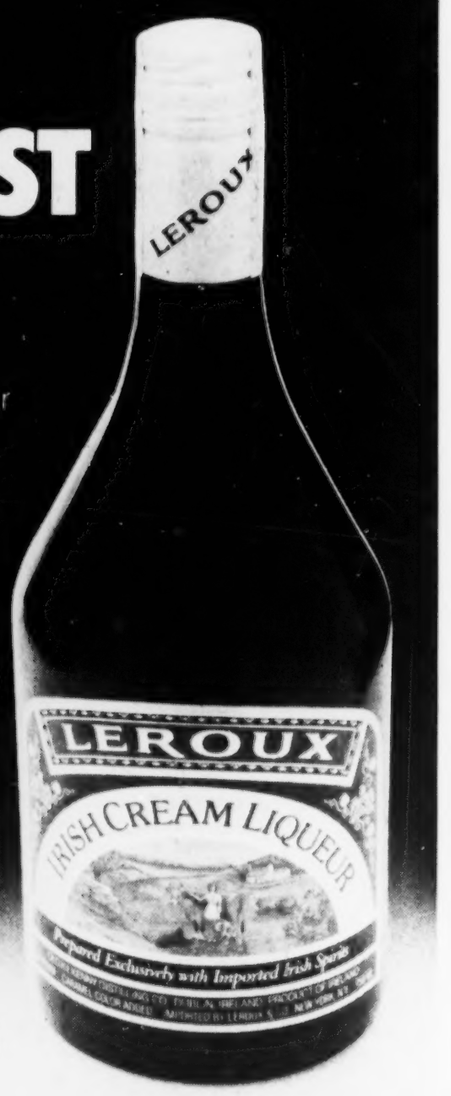


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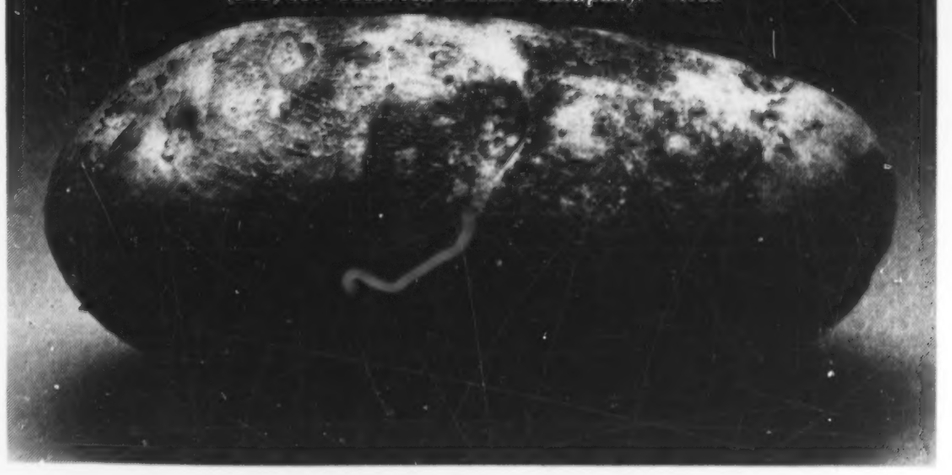

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*FRANCHISING IN THE 80'S: PART 2*

# Kostecka: Franchising will pick up pace throughout the 80's

ACAPULCO, Mexico—"Franchising is on the move in the United States," and fast-food chains as well as other franchise operators "can look forward to increasing growth for the remainder of the 1980's," Commerce Department analyst Andrew Kostecka told the International Franchise Association's annual meeting here last month.

"No matter where you turn, prospects look good for franchising," he told chain leaders at the IFA convention, adding that "if you are in the franchised restaurant business you have seen a sales growth of 13% at the end of 1983."

In predicting an even better year for food-service franchisors and franchisees during 1984, Kostecka cited the results of the department's new *Franchising in the Economy* study, which he released during the IFA meeting in Acapulco last month.

According to that Government study, sales of franchise restaurants will climb by 14% this year, with both economic and demographic factors combining to ensure similar annual sales increases through the rest of this decade.

"The number of families with both mates working continues to grow," the current "generation is more affluent and better educated than their parents," and "the incentive and desire for one to be in his or her own business is greater than ever," Kostecka told the franchise chain executives.

Noting that these factors should ensure "a large potential market for future franchisees," he added that "inquiries regarding franchising from both prospective franchisees and franchisors have been on the rise in recent years and should continue in the years ahead."

The Commerce Department franchising expert also cited a series of other recent demographic shifts that should provide growth opportunities for franchise chains.

"The post-World War II baby-boom population is reaching the 30-to-40 year age bracket when income usually rises," and "with the trends toward later marriages and fewer children per family, child rearing will consume a smaller proportion of family budgets, leaving extra" disposable income available to Americans, he noted.

On the economic front, Kostecka told the IFA members that the Commerce Department's "forecasters predict the pace of industrial growth will quicken in 1984," with the nation's "gross national product" rising 5.5% this year vs. 3.3% during 1983.

"In 1984, inflation will likely remain moderate, with prices rising about 4%" and food prices climbing about 6.5%.

"Short-term interest rates will continue at current levels," he said, while other "credit conditions will [also] remain largely unchanged."

"A review of industry performance in 1983 and of the prospects for 1984 shows that the recovery has been broadbased and is proceeding in line with the patterns established by previous post-war recoveries," Kostecka assured the chains.

Turning specifically to the performance of food-service franchisors, he said that "stepped-up activity will be seen in the upscaling of franchised restaurants in exterior and interior decor, service and upscaling in quality and variety of food served."

Among all restaurant industry franchisors, "the pizza specialists are growing fastest, going from 66 franchisors in 1978 to 106 at the end of 1982."

One trend cross-cutting many franchise segments is the increased attractiveness of "conversion franchising"—the converting of an existing independent business establishment into a franchisee, Kostecka told the Acapulco meeting.

"The idea is not new, and in the past has been used extensively in real estate franchising," he said. But future "rising costs and increased competition" will encourage other types of franchisors—including restaurant chains—to move into conversion franchising, Kostecka predicted.

"Another emerging trend evident in franchising is the entry of women into franchising, in numbers larger than ever before, both as franchisors and franchisees," he said.

"Franchising offers new opportunities for women, who are entering the professional and management ranks and want to be part of the business world or invest in a business career," Kostecka explained. "Starting their own businesses through franchising lessens the risk factors for women with little or no business experience."

The Government's top franchise experts also predicted a new era of detente between franchisors and franchisees as chains realize the importance of building sound relationships with licenses.

"Over the next few years we should see a stepped-up effort to bridge the 'partnership' relationship between franchisor and franchisee," Kostecka told IFA. "Franchisees are the most important part of the entire franchising system, and they are a franchising company's most valuable asset."

In discussing the success rate for franchisees, Kostecka disclosed that the Government's annual survey of 1,770 fast-food chains and other "business format franchisors" showed that during 1982 "less than 3% of franchisee-owned business-format units were discontinued—and for a multitude of reasons" including many unrelated to business failure.

"Those units discontinued may include businesses that failed, but the number of failure is unknown," Kostecka said. "However, we should note that the number of units discontinued in franchising—for whatever reason—is relatively low."

Despite his generally bright forecast for the future of franchising, Kostecka did indicate that some market restructuring may be on the horizon for some chains.

"Competition among franchisors will intensify, companies will be more sophisticated, more innovative—in short, better able to perceive subtle changes in the marketplace," he predicted. "More giant corporations will move into franchising, along with larger numbers of small companies operating within state borders or small regions of the country."

In contrast to the new Federal projections for a 14% increase in sales by franchise restaurant chains this year, Kostecka told the IFA members that overall franchise growth (including non-restaurant operations) will continue at a somewhat slower pace.

Overall, "franchise sales of goods and services should continue to grow annually at about 9% for the next several years," he concluded.

## FRANCHISE RESTAURANT SALES

**(By Type of Establishment, In Millions)**

| Type of Restaurant | # of Firms | 1983* Total Sales | 1983* Company-Owned Sales | 1983* Franchisee-Owned Sales | 1984* Total Sales | 1984* Company-Owned Sales | 1984* Franchisee-Owned Sales |
|---|---|---|---|---|---|---|---|
| Total | 458 | 38,664 | 13,536 | 25,128 | 44,148 | 15,361 | 28,787 |
| Chicken | 32 | 3,570 | 1,347 | 2,223 | 4,410 | 1,653 | 2,758 |
| Hamburgers, Franks, Roast Beef, etc. | 102 | 18,961 | 4,992 | 13,969 | 21,315 | 5,635 | 15,680 |
| Pizza | 106 | 4,412 | 1,705 | 2,707 | 5,165 | 1,917 | 3,249 |
| Seafood | 14 | 1,638 | 904 | 735 | 1,964 | 1,098 | 866 |
| Mexican (Taco, etc.) | 33 | 1,501 | 781 | 720 | 1,734 | 906 | 828 |
| Pancakes, Waffles | 15 | 873 | 276 | 597 | 929 | 294 | 635 |
| Steak, Full Menu | 110 | 7,266 | 3,454 | 3,812 | 8,073 | 3,762 | 4,311 |
| Sandwich and Other | 46 | 443 | 76 | 366 | 556 | 96 | 460 |

Source: U.S. Dept. of Commerce, "Franchising in the Economy, 1982-84."

*1983 and 1984 figures are company estimates.

FOCUS NRN

ENERGY COST CONTROLS

# Despite efforts, waste is still rampant

By Rick Telberg

Despite battling 10 years of shocking increases in the prices of oil, gas and electricity, the food-service industry has a long way to go before it can legitimately claim victory over energy costs.

Advances, to be sure, have been made. The basic architectural principles of restaurant buildings have changed. Heat pumps, which provide a boost for hot water heaters, are becoming commonplace. Low-wattage light bulbs are almost everywhere. And there are few workplaces today without those annoying little stickers over light switches reminding employees to turn off the power.

But the restaurant industry still has a long way to go. And the amazing thing is: What's left to do is only common sense. But they may be the toughest gains to make.

Charles Claar, an electrical engineer at Pennsylvania State University working on a Federal grant to study energy waste in restaurants, quips, "I could retire on the monthly energy bill of most any restaurant."

He estimates that the typical restaurant spends 3% to as much as 8% of its gross sales on utility bills. He suggests that the expenditures "could be reduced 10% easy, and another 10% with some work."

"Energy conservation," Claar asserts, "is not something to learn and forget. It needs continuous retraining and reminding."

Many managers, alas, have abandoned their early enthusiasm for controlling cost on a line item that Claar says is a restaurant's third easiest controllable after food and labor costs.

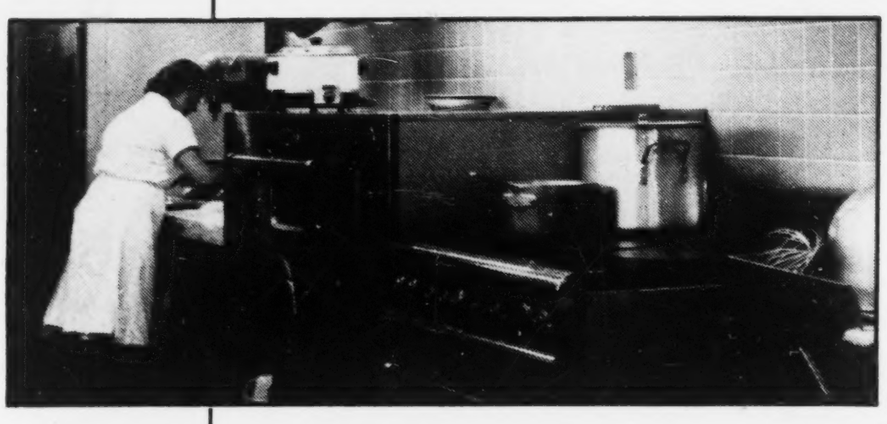
Andrew Poledor, director of technical services at the National Restaurant Association, notes with some perspective, however, that "the giant steps have been taken. Now it's a matter of fine-tuning. Today the biggest problem is turnover; training new employees how to save energy."

### A Kilowatt Saved

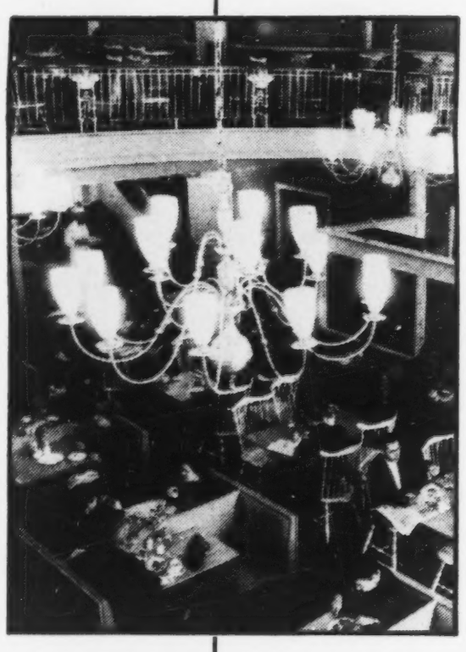
Before the first OPEC oil price hikes in December 1973, electricity cost 2¢ per kilowatt hour. Today it is almost 7¢, more in some of the heaviest populated areas. Natural gas 10 years ago cost about $1 per million British Thermal Units. Today, at $4.30, the price has more than quadrupled.

The industry's reaction is evident everywhere.

- A McDonald's in Charlottesville, Va., has sprouted solar panels on its roof. Owner Richard Hendricks says he's considering solar panels for every new unit he builds.
- A Hamburger Hamlet singles-bar/restaurant has installed a heat pump to boost the temperature of water before it gets to the hot water heater. Manager Mary Maday figures a savings of $3,800 a year.
- A Bojangle's chicken-and-biscuits restaurant in Fort Lauderdale, Fla., is getting a time-clock device that staggers electricity use, short-circuiting the local utility's levy for surges in its lines. Corporate training coordinator Frank Wenderski figures it could save the restaurant $200 a month in punitive rates.



- One by one the hue of nighttime lighting is changing at Denny's parking lots as the chain replaces energy-gobbling white-colored quartz lamps with yellowish high-pressure sodium lamps. Jim Dovey, electrical engineering manager at the chain, estimates a typical savings of $700 a year per light-pole.
- Winchell's doughnut shops are being outfitted with hood vents that are linked by thermostats to the doughnut fryers. When the fryers are off, so are the exhaust fans. Construction manager Clint Mullen says it's worth at least $250 per month.
- And finally, the Columbia restaurant in St. Augustine, Fla., was built with an $18,000 computer that controls energy use. Owner Richard Gonzmart says it has reduced his utility bills to $4,000 a month from $6,500 a month.



All the saving, in every case, is the kind of money that flows straight to the bottom line. Ben Franklin's phrase was never truer: A kilowatt saved, is a penny in pre-tax earnings. Not to mention investment tax credits and accelerated depreciation.

Restaurateurs appear to be holding the line on rising energy costs. But they also seem to have stopped making inroads on the problem.

In a comprehensive survey of the industry commissioned by the National Restaurant Association, the Philadelphia accounting firm of Laventhol & Horwath estimates that full-service restaurants spent an average 3%, or over $21,000 a year, of their total sales on oil, gas and electricity bills in 1982.

The same survey put spending at fast-food restaurants at 3.7% of sales, or almost $27,000.

Compared to 1973, when energy spending was 2% of sales between the two types of restaurants, the decade saw utility bills gobble up a half or three-quarters as much of the cash register take.

***'The giant steps have been taken. Now it's a matter of fine-tuning. Today the biggest problem is turnover; training new employees how to save energy.'***

"The days of 1% or 1.5% energy bills have gone the way of 25¢ a gallon gasoline," says Penn State's Claar.

Yet the rise in energy bills has roughly paralleled the national inflation rate, and for a very simple reason: The rise in the price of crude oil *is*, for all intents and purposes, the world's inflation rate. So energy costs can easily get lost on an operator's monthly profit-and-loss statement, simply because it is so easy to pass along to the customer.

As a result, many restaurateurs declare victory over energy costs too soon. Instead, victory should be measured by how much an operator restrains energy cost increases below the inflation rate.

Monitoring the industry's energy use, and so its waste, has been spotty until now. Many chains have made detailed surveys of energy waste, but Claar at Penn State is conducting the first objective research that will be open to the public.

With a $390,000 grant from the U.S. Government and in-kind backing from the NRA, Claar is heading up a 12-month project due to be completed in June. He has placed sensors on 31 points in seven kinds of restaurants.

His preliminary findings are revealing. Restaurants typically spend 35% of their energy dollar on simply cooking the food. Another 30% is spent on heating, ventilating and air-conditioning, commonly called HVAC. Fifteen per cent goes for lighting. Another 15% to washing dishes. And, finally, 5% to refrigeration.

It's one of the supreme ironies of the business, Claar notes, that restaurateurs spend about as much heating one thing or another, as in cooling them. Sometimes, they are the same thing.

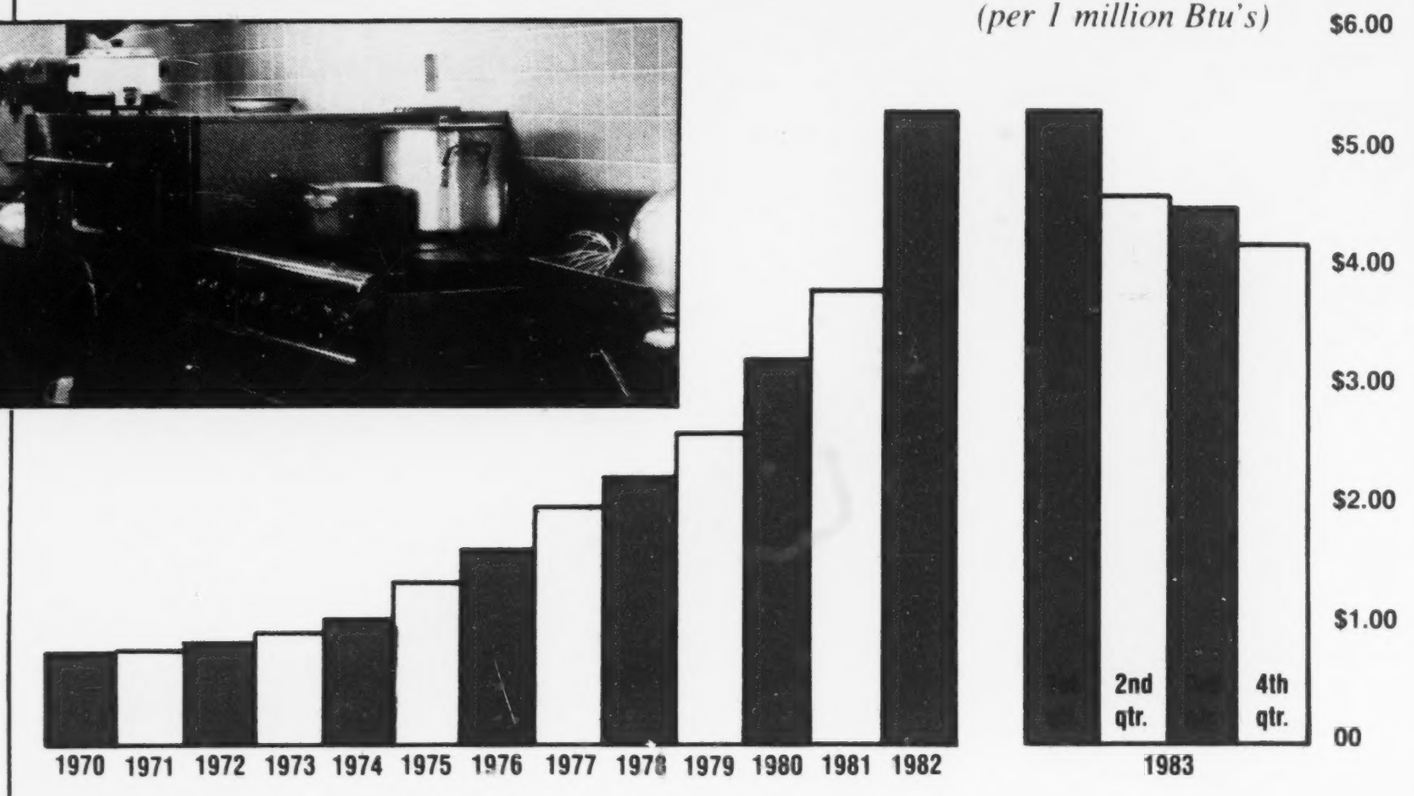
In addition, Claar's early results show that tremendous strides have been made in insuring the integrity of the building itself, with insulation, calk and double windows. But there is much room for improvement in what he calls "air handling": mixing air-conditioned air from the dining room with the hot kitchen, and making sure exhaust fans don't blow out the air that cost so much to cool.

But the biggest problem, according to Claar, is simply getting workers to turn off unneeded equipment. "My monitors," he said, "showed me that one of the managers in my survey had his wall heaters going flat-out for three days. It took him another day to get around to turning them off after I told him about it."

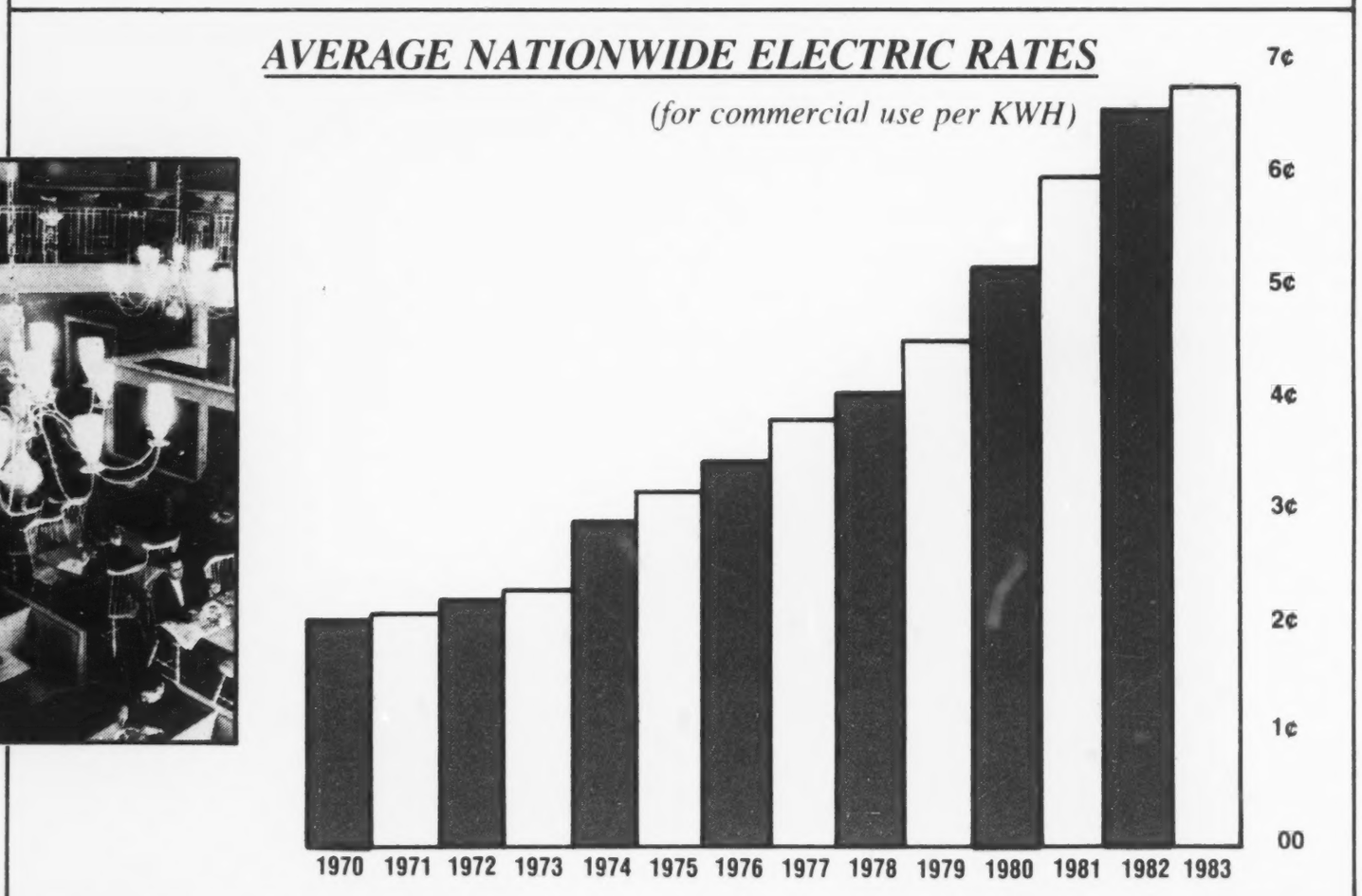
### Idiot-proof Cost Control

But many managers are aware, and are working on reducing energy costs. Many programs stress simply nagging workers into turning off unneeded machinery. But the new

(Continued on page 43)




Source: American Gas Association




Source: Edison Electric Institute.

FOCUS NRN

ENERGY COST CONTROLS

# Victory over high energy costs declared 'too soon'

(Continued from page 41)

wave of energy-control methods bypasses human frailty, going instead for computerized equipment that knows itself when it is needed and when it isn't. In short, managers are trying to make energy conservation idiot-proof.

Wenderski at Bojangle's, for example, is installing a $2,000 built-to-order "cascade controller" at one of his Florida units. Since Florida Power & Light levies a "demand" surcharge when all the restaurant's equipment is turned on at once in the morning, the device staggers equipment start-up.

Wenderski decided to bypass the manager because one mistake by the manager can inflate the unit's electric rates for a year. In addition, managers had begun to complain to Wenderski that they were doing everything in the restaurant except serving the customer.

Wenderski tells managers that if they can shave $200 per month off their energy bills, it's the same as attracting another 500 customers. "Who wouldn't want another 500 customers?" he asks.

Demand surcharges are nothing to sneeze at. Denny's Dovey figures every kilowatt hour costs about 7¢. A punitive premium for a surge in the electric lines, he figures, costs another half a penny.

"You could sum the whole thing up this way," says Winchell's Mullen. "Common sense and good maintenance."

He, too, found he had to make cost control idiot-proof. After years of haranguing managers to turn off hood vents when the fryers under them weren't spitting any vapors, he gave up. Instead, he's installing thermostatically controlled switches on the vents. By June, Mullen expects to have completed 375 of Winchell's 837 stores.

Other energy-saving measures at Winchell's include:

- putting blankets on water heaters;
- keeping the flame pointers clean on gas jets;
- linking air-conditioning use to outdoor temperatures;
- replacing the bottom panel of floor-to-ceiling windows with an insulated wall;
- putting shades on the windows, adjusted at not more than a 20° angle to retain visibility, an anticrime measure;
- and, simply, insulating.

In seven stores where a full program was tested, Winchell's cut their bills by up to 20%.

Gonzmart at the Columbia restaurant in St. Augustine, Fla., thought an $18,000 investment in an energy control system while building his new $2.5 million facility was worth the money.

Part of the system channels ground water through hot cooling coils in refrigeration and air-conditioning equipment. Another part pumps the water through the cooled dining room helping his ice machine, a real problem in Florida where ground water comes up at 78°F.

"I believe," says the owner of the 250-seat restaurant, "in heat recovery units. It's like getting free hot water."

Another cost-cutter at the Columbia are venting hoods, which while pulling hot gases off the stove, pump outside air into the kitchen through another opening so that air-conditioned air isn't wasted.

And, instead of installing the restaurant's HVAC machinery on the roof, Gonzmart designed an island in the rear of the building. All the cooling coils and compressors are housed there. That makes it easier to channel heat-pumped water and saves a bundle on repairs. Instead of waiting for a repairman, an entire unit can be swapped while the defective one is carted away to be fixed.

Dovey at Denny's says the difference between running an old mercury parking lot lamp for a year and running a high-pressure sodium lamp is the difference between $1,800 and $700: $1,100. It can cost $500, however, to install it, so Dovey is taking a measured pace at replacing the lights.

Denny's switched years ago to low-wattage light bulbs inside the stores that throw as much light as the old ones. But now Dovey says he's shopping for mini-flourescent bulbs.

At the Hamburger Hamlet in Bethesda, Md., manager Maday said she was spending $16,000 a year on water heating alone before she installed a heat pump. It brings ground water up to at least room temperature before entering the water heater. Mounted on the ceiling, it gets the benefit of the warmest part of the kitchen.

Maday figures the heat pump will pay for itself in about a year and a half, cutting her annual bill by about $3,800.

Food-service managers are learning to purchase, portion and control energy like any other commodity that comes in the restaurant's back door.

Energy conservation has matured since the twin oil shocks of the 1970's from a spasmodic, panic-ridden approach to the realm of scientific measurement in many cases. It is a world dominated by electrical or mechanical engineers, architects and construction contractors. And there are signs as well that independent operators are becoming well-versed in the lingo of the trade: Btu's, kwh's, boiler hp and r coefficients.

Yet it remains equally clear that much has yet to be done, if for no other reason than few restaurant buildings were designed during the current energy-wise era.

Many analysts, NRA's Poledor included, project no more shocking price hikes for the rest of the decade, giving restaurateurs a chance to catch up.

In fact, with a four trillion cubic foot glut, natural gas prices backed off last year.

And natural gas prices may be held in check for some time to come. The Reagan administration has sent a plan to Congress decontrolling natural gas early, but still holding price rises lower than under the current 1978 law.

The NRA estimates that about two-thirds of the food-service industry's energy consumption for cooking, heating water and heating rooms comes in natural gas.

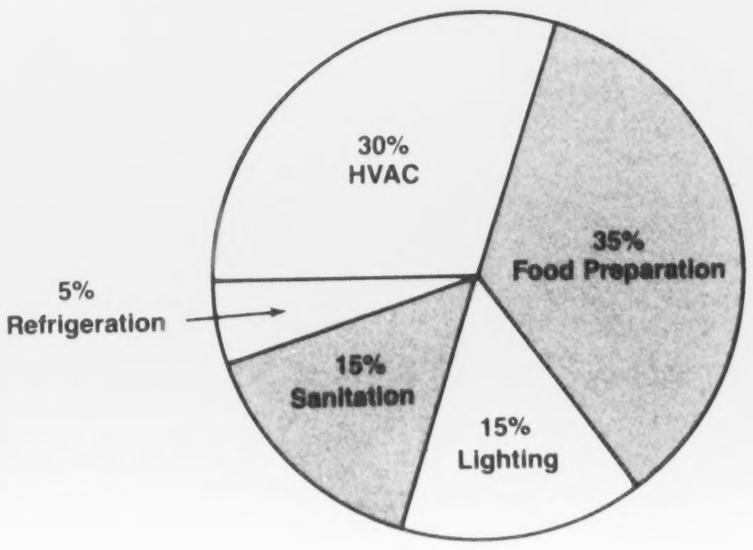
Electric utilities, too, are facing an overcapacity. But nuclear power plants, many planned before the energy crunch and now facing severe financial problems, could figure to raise rates astronomically in some areas.

Another problem could crop up from Government regulators. Occupational health and safety advocates are trying to levy rules on the quality of air in kitchens. Anything that translates into increasing air flow, will raise energy bills. It's ironic that the antipolluters and conservationists would find themselves in a face-off.

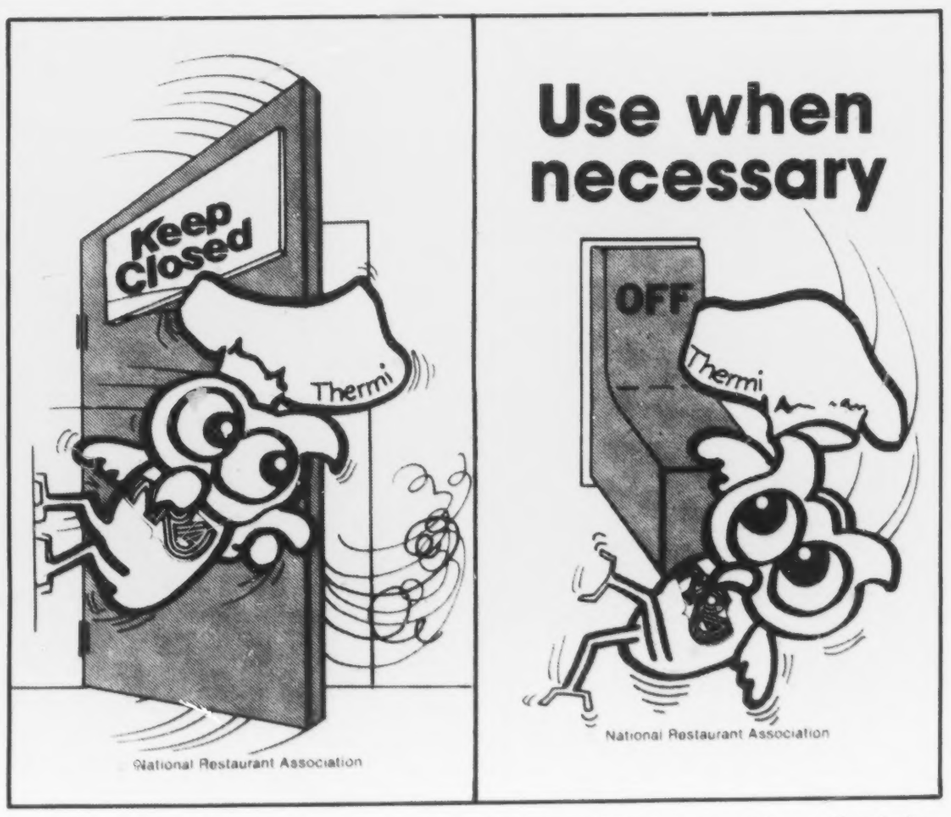
**McDonald's franchisee Richard Hendricks installed solar panels to heat water at this Charlottesville, Va., unit; he plans to add solar panels to every new McD he builds.**

**'Food-service managers are learning to purchase, portion and control energy like any other commodity that comes in the restaurant's back door.'**

## WHERE THE RESTAURANT ENERGY DOLLAR GOES




Source: Charles Claar, Penn State University




**The National Restaurant Association offered a series of stickers with energy-saving reminders (two are featured here) to restaurateurs.**

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WINE & SPIRITS

***Merchandising for profits—Pp. 47-77***

Nation's
# Restaurant News®

*The Newspaper of the Food Service Industry*

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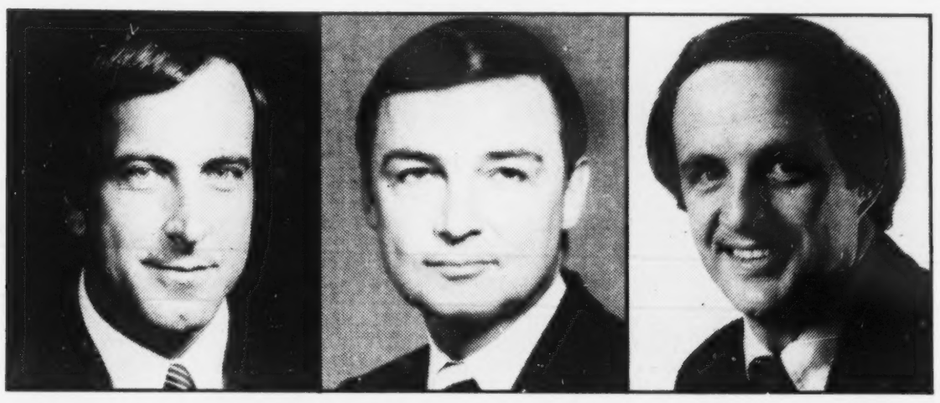

**BK chairman J. Jeffrey Campbell (top row, left) has turned over domestic operations to president Jerry Ruenheck (center) as part of a series of sweeping exec changes that will leave Kyle Craig Jr. (right) vp-general manager, Charles Kanan (bottom row, left) senior vp-operations, Larry Kohler (center) exec vp-concept development, and Don Dempsey (right) marketing chief.**

## Power shift at BK heralds major diversification drive

**By Joe Edwards**

MIAMI—Burger King chairman and chief executive J. Jeffrey Campbell has made sweeping organizational changes involving six key executives that may signal a significant shift in power at the second largest burger chain.

Campbell disclosed that Burger King plans to acquire or develop another fast-food, non-beef chain. Häagen-Dazs ice cream stores, which Burger King's parent Pillsbury acquired last year, already report to Campbell.

Two Burger King officials indicated Campbell is most interested at this point in the fast-food pizza segment but has not made any decision.

Asserting that a headquarters restructuring "will give me a greater opportunity to concentrate on our long-term strategy of expansion and diversification," Campbell turned over domestic restaurant operations to Jerry Ruenheck, president and chief operating officer, effective June 1.

In addition to the three operations divisions, Ruenheck, 45, assumes responsibility for the Distron distribution division, franchise affairs department and operations services group.

Kyle Craig Jr., the chain's 37-year-old marketing whiz and executive vice president, moves to New York to head the regional office as vice president-gen-

*(Continued on page 122)*

## *Independents seek new formula to cure American cuisine's image*

**By Paul Frumkin**

BOSTON—The vaunted American cuisine movement has hit its first significant trouble spots, say top tablecloth operators who are finding restaurant customer acceptance anything but automatic.

Initially caught up in the romance of America's re-emerging culinary heritage, these food-service professionals are discovering that it can take more than a strong theme and the replication of a few traditional dishes to guarantee a packed house or even satisfied customers.

But customer acceptance, the necessary adjunct to any operation's overall menu and image strategy, may have been taken too much for granted, they now say, in the initial excitement the movement generated.

This sobering point was made by a number of this country's top chefs and restaurateurs at the third annual Symposium on American Cuisine at the Westin Hotel, Copley Square, here earlier this month.

The heated, and often esoteric, debates between purists and innovators of the still-young "New American Cuisine" which had marked the first two Symposia were placed on the backburner as the 300-plus attendees discussed the more immediate and practical problems of running a success-

*(Continued on page 122)*

## Credit card surcharge ban gets temporary extension

**By Ken Rankin**

WASHINGTON—Responding to pressure from consumer groups and the financial community, the House approved legislation earlier this month which will at least temporarily prohibit restaurants from imposing surcharges on meals purchased with credit cards.

The Senate approved a similar, though not identical ban on surcharges for credit transactions nearly two months ago when the longstanding Congressional moritorium against such practices expired.

At presstime House and Senate leaders were still attempting to iron out the differences between the two versions, but officials at the House Banking Committee told *Nation's Restaurant News* that a final bill was likely to become law before the end of the month.

The issue of whether restau-

*(Continued on page 121)*

## *Mesquite grilling: Hot new food trend*

***NRN* Special Report**

In an industry always hungry for a hot new food trend, nothing is hotter right now than mesquite wood grilling of everything from scallops and swordfish to steaks, burgers and ribs.

For added sizzle, mesquite grilling is proving to be a powerfully effective merchandising tool in restaurants across the country.

Independent and chain operators are rushing to line up mesquite suppliers, revamp their menus and install new grills—often placing them smack in the middle of their dining rooms where guests can watch all the cooking action.

**Mesquite wood burns very hot—about 1,000°F—searing foods and imparting a sweet, woodsy flavor.**

Even operators whose grills are out of sight are using menu messages to tell their customers about the history of mesquite and the distinctive flavors the wood gives to many types of foods grilled over it.

Despite the expense of converting to mesquite, which can be considerable, and the wood's dangerous tendency to give off a lot of smoke and send sparks flying, most operators who use it contend that problems are minor and can be easily corrected.

Interest in mesquite grilling is cutting across segment lines and is rising rapidly not only in trend-conscious New York and Los Angeles but in the heartland as well.

Red Lobster, the 370-unit seafood dinnerhouse chain, is seriously studying the feasibility of installing mesquite grills systemwide. Garcia's of Scottsdale, a Mexican dinnerhouse chain, recently acquired a five-unit seafood dinnerhouse operation that specializes in mesquite co

*(Continued on page 12)*

## LATE NEWSBREAKS

**Federal investigators have charged that a number of pizza parlors in the Midwest distributed heroin as part of an alleged $1.65 billion organized crime ring.**

**Operators of 20 major Las Vegas resort hotels said business was booming at presstime despite a strike by four unions, including the 15,000-member Culinary Union Local 226.**

**Joseph S. Neubauer, 42, was elected chairman of ARA Services Inc., the giant industrial services firm with extensive contract food-service accounts. He succeeds cofounder William S. Fishman, 68, who is retiring but remains a director.**

**Pizza Time Theatre has filed a Chapter 11 petition for reorganization under Federal bankruptcy laws to protect itself from creditors threatening to force liquidation.**

**Casino USA, Santa Monica-based operator of Caf Casino "French" cafeterias, is acquiring a controlling interest in Los Angeles-based Thriftmart supermarkets.**

## *RA stakes out piece of the Rock*

### Will open three-unit restaurant complex in Rockefeller Plaza

**By Roman Czajkowsky**

NEW YORK—One of the city's most ambitious new restaurant ventures in recent years is set to open next month—an American cuisine, three-restaurant complex built around the skating rink at Rockefeller Plaza and run by Restaurant Associates.

New York-based RA, which reported $141 million in revenues from company-owned and managed facilities in 1983, said

*(Continued on page 122)*

**Artist's rendering of Savories, a combination gourmet deli, cafe and take-out shop to be located on the west side of the new Rockefeller Plaza restaurant complex.**

FINANCIAL NEWS

# American Can poised for H & H takeover move

By Charles Bernstein

NEW YORK—American Can Co., the diversified Greenwich, Conn., corporation, was considering a possible tender offer at presstime to battle for control of Horn & Hardart.

Asked about the situation, H&H president and chief operating officer John Gerlach said he had heard that American Can was making a move on the stock but that "as of now, I haven't seen any official papers indicating they have even purchased at least 5% of the stock."

Queries to American Can's top executives were referred to its acquisitions and mergers senior vice president, James Long, who did not respond.

American Can does not have any food-service division, but vice chairman Gerald Tsai has been on an aggressive acquisition campaign and "may be anxious to take over H&H as a strong investment vehicle and for personal reasons," an inside source said.

One version of the situation is that Tsai "would like nothing better than to take control of H&H away from Barry Florescue," H&H chairman and chief executive. Florescue gained control in a bitter battle several years ago and diversified the company away from the staid H&H cafeteria image into a Burger King and Arby's franchisee. He then acquired Bojangles—H&H's main expansion vehicle now.

Profits and return on investment have soared under Florescue, and he is believed committed to a fierce struggle to retain control against any takeover bid.

Meanwhile, reports were flying that H&H was itself bidding to acquire Church's. But Gerlach indicated it's not true and that reports of a New York dinner meeting between Church's chairman and ceo David Bamberger and Florescue were totally false. (In fact, Bamberger denies ever having even met Florescue.)

## Southern Hospitality grabs stocks, averts loss

NASHVILLE—Southern Hospitality Corp., a Wendy's and Mr. Gatti's franchisee, blocked the loss of its Wendy's restaurants when its executives purchased more than one million shares of common stock that were being auctioned off in Nashville this month.

Chairman R. Wayne Oldham and several key executives paid more than $3.3 million for the 1 million-plus shares and placed them in a newly incorporated company, Management Incentives Corp.

Oldham said Southern Hospitality had run the risk of losing its highly profitable Wendy's only if outsiders had bought the auctioned stock. Because the shares represented 21% of the outstanding stock of the public company, Wendy's was concerned that it might lose control of the 27 restaurants franchised to Southern Hospitality.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended March 23 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | | | | | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Change | | 52-Week | | | | | | | | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt | Pct | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 7.00 | 6.25 | 7.00 | .75 | 12.00 | 8.75 | .00 | .14 | 3.44 | 8.26 | -2.76 | .40 | .40 F | NC | 10.0 | 4.3 | 17.5 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.63 | 4.38 | 4.38 | -.25 | -5.41 | 7.25 | 4.25 | -.34 | -.83 | -7.60 | 19.51 | -2.05 | -2.13 Q | -775.0 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Am Motor Inns | INN | 30.00 | 29.13 | 29.75 | .38 | 1.28 | 38.50 | 27.13 | -.10 | .36 | -3.04 | -58.80 | 2.52 | .55 S | 24.3 | 42.0 | 8.6 | 10.6 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 44.00 | 41.25 | 41.50 | -1.75 | -4.05 | 55.25 | 41.25 | -.21 | -.30 | 3.62 | 68.13 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 9.2 | 2.05 | 4.9 | 02-24-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.25 | 10.50 | 12.38 | -3.88 | -23.85 | 18.50 | 10.50 | .09 | .12 | 1.30 | -21.77 | .72 | .45 Q | 128.5 | -1.0 | 3.6 | 15.5 | .12 | 1.0 | 03-06-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 4.13 | 3.38 | 3.38 | -.63 | -15.63 | 9.25 | 3.38 | .20 | -2.34 | .63 | 14.11 | -1.30 | -2.34 Q | -285.3 | -53.0 | -6.8 | NE | .00 | .0 | 00-00-00 | 98.2 | -6.7 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 19.00 | 18.00 | 18.25 | -.25 | -1.35 | 26.81 | 17.25 | -.27 | .20 | -5.33 | -5.47 | .89 | .14 N | 16.8 | 21.0 | 7.5 | 18.8 | .26 | 1.4 | 02-10-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 6.00 | 5.63 | 5.75 | -.25 | -4.17 | 11.25 | 5.38 | -.53 | .38 | 2.06 | -29.04 | .17 | -.38 F | -69.0 | -4.0 | .7 | 33.8 | .10 | 1.7 | 01-24-84 | 333.5 | 2.2 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 8.38 | 8.00 | 8.13 | -.38 | -4.41 | 11.19 | 8.00 | -.46 | -.04 | -3.31 | 31.40 | .53 | -.03 N | -4.9 | 8.0 | 4.6 | 14.0 | .16 | 2.0 | 01-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 5.00 | 4.38 | 4.75 | .13 | 2.70 | 8.38 | 3.50 | .18 | 1.03 | -1.57 | -29.50 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 8.25 | 7.63 | 7.63 | -.38 | -4.69 | 11.88 | 4.94 | -.24 | -.48 | -1.55 | 6.41 | .50 | .26 Q | 83.8 | 99.0 | 3.7 | 13.4 | .05 | .7 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.88 | 17.25 | 17.38 | -.13 | -.71 | 29.00 | 15.34 | -.17 | .26 | -2.26 | 13.95 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 32.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 16.00 | 13.75 | 13.75 | -2.25 | -14.06 | 18.38 | 13.75 | -.38 | .33 | 3.34 | 7.68 | .29 | .24 S | NC | 5.0 | 5.8 | 57.3 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 12.38 | 11.50 | 11.63 | .00 | .00 | 24.38 | 10.25 | -.37 | -.73 | -1.96 | 3.96 | .64 | -.01 S | -2.0 | -4.0 | 2.9 | 24.2 | .50 | 4.3 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 26.25 | 22.13 | 25.38 | 3.00 | 13.41 | 33.50 | 21.25 | .44 | 1.63 | 3.81 | 38.95 | 1.66 | -.53 F | -24.2 | 3.0 | 6.8 | 15.3 | .72 | 2.8 | 01-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 16.00 | 15.25 | 15.38 | -.38 | -2.38 | 21.63 | 14.75 | -.26 | .20 | -1.90 | -9.97 | 1.47 | .30 N | 21.4 | 27.0 | 3.8 | 9.0 | .20 | 1.3 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 21.63 | 20.75 | 20.88 | -.63 | -2.91 | 22.13 | 14.53 | .43 | .18 | -2.17 | 47.13 | .08 | .57 S | NC | 86.0 | 1.3 | 36.6 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 12.75 | 12.13 | 12.38 | -.13 | -1.00 | 18.75 | 10.88 | -.41 | .12 | .63 | 24.81 | .26 | .14 N | 70.0 | 39.0 | 2.5 | 36.4 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 19.50 | 18.50 | 18.50 | -1.00 | -5.13 | 27.34 | 15.75 | .36 | -.36 | .26 | -.31 | .86 | .10 S | 12.5 | 25.0 | 4.4 | 20.6 | .14 | .8 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 34.25 | 31.75 | 32.00 | -1.13 | -3.40 | 39.25 | 29.00 | .13 | .12 | -1.79 | 14.27 | 2.54 | .15 S | 5.8 | 12.0 | 3.8 | 11.9 | .72 | 2.3 | 03-06-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 16.00 | 15.25 | 15.38 | -.75 | -4.65 | 25.50 | 12.75 | .28 | -.28 | -2.23 | 10.71 | .99 | .05 F | 5.3 | -58.0 | 6.8 | 15.5 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 19.50 | 18.88 | 19.13 | -.13 | -.65 | 28.75 | 18.13 | .10 | .73 | -2.14 | 23.16 | 1.62 | .22 Q | 15.0 | 24.0 | 10.2 | 11.4 | .28 | 1.5 | 11-01-83 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| Fast Food Oper | POPI | 1.69 | 1.56 | 1.56 | -.13 | -7.41 | 4.63 | 1.13 | -.36 | -.95 | -3.10 | 3.80 | .05 | .05 N | NC | 81.0 | 6.5 | 31.3 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 29.00 | 25.88 | 26.13 | -3.00 | -10.30 | 32.94 | 14.91 | .24 | -1.73 | 8.96 | 29.59 | 1.85 | .77 S | 51.3 | 25.0 | 3.7 | 11.5 | .40 | 1.5 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 6.00 | 5.50 | 5.50 | -.38 | -6.38 | 15.88 | 5.50 | -.41 | -.05 | .87 | -18.84 | -.48 | -.30 F | NE | 8.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.3 | -2.2 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.38 | 10.25 | 10.25 | -.13 | -1.20 | 12.00 | 8.25 | -.04 | .27 | -1.33 | .00 | -1.10 | -1.81 N | -161.6 | -30.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 54.75 | 49.00 | 50.25 | -1.25 | -2.43 | 60.25 | 43.25 | .24 | -1.57 | 3.20 | -18.69 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 12.0 | 1.80 | 3.6 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 44.88 | 41.75 | 42.38 | -1.25 | -2.87 | 59.00 | 40.50 | -.07 | .39 | -1.05 | 16.25 | 3.28 | .78 F | 31.2 | 12.0 | 7.8 | 12.9 | .90 | 2.1 | 03-12-84 | 1585.1 | 124.4 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 22.25 | 18.00 | 20.88 | 2.75 | 15.17 | 30.78 | 15.31 | .73 | 2.28 | 3.72 | 32.41 | 1.15 | .45 F | 64.2 | 106.0 | 4.0 | 18.2 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 7.50 | 6.25 | 7.00 | .50 | 7.69 | 10.75 | 6.00 | .22 | -.85 | -.39 | -57.48 | .00 | -.81 S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 38.00 | 34.50 | 37.50 | 3.50 | 10.29 | 40.00 | 28.00 | .42 | 2.28 | 5.30 | 17.12 | 2.94 | .81 Q | 35.3 | 57.0 | 6.2 | 12.1 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 14.75 | 13.25 | 13.25 | -1.25 | -8.62 | 23.00 | 10.06 | .13 | -1.78 | -1.44 | 18.42 | .92 | .94 S | 241.0 | 63.0 | 4.8 | 10.0 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 12.38 | 10.88 | 10.88 | -1.50 | -12.12 | 18.13 | 10.88 | -.59 | -1.45 | 4.67 | 28.03 | 1.00 | .05 S | 5.0 | 20.0 | 4.1 | 10.5 | .20 | 1.8 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 14.25 | 13.88 | 13.88 | .00 | .00 | 23.13 | 11.88 | .20 | -.20 | -3.64 | 9.84 | 1.33 | -.07 S | -5.3 | 17.0 | 4.6 | 11.2 | .12 | .9 | 01-30-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.75 | 3.38 | 3.50 | .00 | .00 | 10.75 | 3.38 | -.78 | -1.18 | 1.47 | 20.00 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 7.63 | 6.38 | 6.38 | -.75 | -10.53 | 18.75 | 6.38 | -.76 | -3.93 | .71 | 2.51 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 63.8 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 21.00 | 19.50 | 21.00 | 1.25 | 6.33 | 43.75 | 18.75 | -1.09 | 1.50 | 2.56 | 3.83 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 13.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.50 | 33.13 | 33.25 | -.88 | -2.56 | 39.75 | 28.00 | .00 | .36 | -2.52 | 17.47 | 1.53 | .22 S | 15.3 | 27.0 | 9.8 | 20.2 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.13 | 11.88 | 12.13 | .25 | 2.11 | 15.13 | 10.13 | .02 | .61 | .47 | 20.13 | 1.28 | .13 N | 10.6 | 6.0 | 6.1 | 9.0 | .25 | 2.1 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 64.00 | 58.50 | 60.00 | -4.75 | -7.34 | 81.00 | 58.50 | -.22 | -.41 | 5.04 | 13.34 | 4.15 | .71 F | 20.6 | 37.0 | 3.8 | 14.5 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 69.00 | 63.75 | 65.50 | -1.13 | -1.69 | 74.50 | 55.75 | .11 | -.74 | -.71 | 2.40 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 11.4 | 1.00 | 1.5 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 15.88 | 13.88 | 14.13 | -1.75 | -11.02 | 21.06 | 13.13 | .12 | -.50 | -.28 | 5.10 | 1.34 | .19 S | 15.4 | 13.0 | 4.5 | 9.9 | .40 | 2.8 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 3.25 | 2.75 | 2.88 | .25 | 9.52 | 3.50 | 2.25 | .57 | -1.15 | 2.24 | -21.94 | .15 | .49 Q | NE | -25.0 | 1.1 | 19.2 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 1.88 | 1.88 | -.25 | -11.76 | 3.63 | 1.44 | -.99 | -1.45 | 2.84 | -5.61 | .09 | .12 N | 120.0 | 25.0 | 1.1 | 8.5 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.38 | 8.00 | 8.50 | .00 | .00 | 32.75 | 8.00 | -2.04 | .62 | -.83 | 3.24 | .70 | -.10 S | -13.3 | 59.0 | 3.6 | 13.1 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 18.00 | 18.00 | 18.00 | -2.00 | -10.00 | 20.00 | 14.00 | .35 | .55 | -2.30 | 90.00 | .84 | .15 F | 21.7 | -10.0 | .3 | 21.4 | .32 | 1.8 | 12-08-83 | 160.4 | .5 | .7 | 7.17 | 14.49 | 0983 |
| Peoples Rest | PEPL | 4.50 | 2.88 | 3.38 | -1.00 | -22.86 | 15.13 | 2.88 | -.80 | -.63 | -.19 | -31.55 | .28 | .04 S | 22.2 | 99.0 | 7.5 | 15.3 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 18.13 | 17.25 | 18.00 | .63 | 3.60 | 18.13 | 12.75 | .19 | 1.04 | .17 | 44.06 | .99 | -.43 S | -33.0 | 2.0 | 3.9 | 20.7 | .60 | 3.3 | 03-09-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 10.00 | 9.00 | 9.50 | -.13 | -1.30 | 17.50 | 8.97 | -.55 | -.42 | 2.73 | -7.72 | 1.16 | .61 F | 110.9 | 23.0 | 2.4 | 8.2 | .08 | .8 | 01-10-84 | 148.9 | 3.6 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 2.63 | 1.50 | 2.00 | -.75 | -27.27 | 26.00 | 1.50 | -3.60 | -1.92 | 3.35 | -28.21 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 13.25 | 12.75 | 12.88 | -.63 | -4.63 | 16.75 | 12.75 | -.19 | -.21 | -1.35 | 4.40 | .37 | .41 Q | NC | 4.0 | 1.9 | 31.4 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 22.38 | 19.75 | 20.00 | -2.00 | -9.09 | 25.25 | 16.00 | .06 | -1.13 | -.90 | 11.77 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 16.9 | .40 | 2.0 | 03-02-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 8.25 | 7.50 | 8.00 | .25 | 3.23 | 11.88 | 6.88 | .38 | -.19 | -4.75 | 44.51 | .13 | .86 F | NE | -24.0 | .7 | 61.5 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 15.50 | 14.75 | 14.75 | -.75 | -4.84 | 23.25 | .00 | -.51 | -.14 | -.51 | 18.88 | .57 | .63 Q | NC | 57.0 | 3.8 | 23.4 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.38 | 7.13 | 7.38 | .13 | 1.72 | 11.38 | 7.00 | -.09 | .34 | -1.70 | 50.32 | .88 | .10 F | 12.8 | 31.0 | 1.9 | 8.4 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 17.50 | 16.25 | 16.75 | .00 | .00 | 28.25 | 15.50 | -.18 | -.05 | -2.49 | 16.75 | .52 | .20 F | 62.5 | 86.0 | 10.8 | 32.2 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 28.88 | 26.00 | 26.38 | -2.13 | -7.46 | 40.25 | 24.63 | .15 | -1.66 | -1.74 | 15.86 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 11.6 | .44 | 1.7 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 10.25 | 9.50 | 9.75 | -.75 | -7.14 | 15.50 | 9.00 | -.09 | .80 | -5.99 | -38.00 | .70 | -.18 S | -23.6 | 17.0 | 4.5 | 16.8 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.88 | 8.13 | 8.13 | -.63 | -7.14 | 15.00 | 7.50 | -.08 | -.81 | -1.22 | 51.55 | .23 | -.12 F | -34.2 | 5.0 | 1.2 | 35.3 | .00 | .0 | 06-02-81 | 73.0 | .9 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 14.75 | 13.50 | 14.75 | 1.25 | 9.26 | 18.00 | 12.72 | -.15 | 1.38 | .29 | -42.79 | 1.19 | .51 F | 75.0 | 17.0 | 2.5 | 12.4 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 24.13 | 22.88 | 22.88 | -.63 | -2.66 | 27.38 | 20.00 | .12 | -.63 | -2.30 | 28.31 | 1.17 | .26 Q | 26.8 | 35.0 | 6.0 | 18.6 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 15.00 | 14.13 | 14.13 | -.38 | -2.59 | 20.50 | 14.13 | -.20 | -.83 | -3.54 | 14.32 | 1.24 | 1.24 F | NC | 18.0 | 3.4 | 11.4 | .00 | .0 | 00-00-00 | 143.1 | 4.9 | .5 | 9.92 | 5.31 | 1282 |
| Sizzler Rest Intl | SIZZ | 10.75 | 9.75 | 9.75 | -.25 | -2.50 | 16.25 | 8.75 | .04 | -2.11 | -1.35 | -45.12 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 9.4 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.75 | 9.25 | 9.25 | -.50 | -5.13 | 15.50 | 9.00 | .04 | .23 | -.70 | 20.23 | .81 | .14 Q | 20.8 | 26.0 | 4.0 | 11.4 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 17.50 | 17.50 | 17.50 | .00 | .00 | 22.00 | 16.50 | -.02 | .55 | 6.63 | 90.48 | 1.02 | .65 F | 175.6 | -6.0 | 2.3 | 17.2 | .26 | 1.5 | 10-05-83 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.38 | 4.13 | 4.25 | -.13 | -2.86 | 7.50 | 3.88 | -.30 | .87 | -3.10 | -13.58 | .27 | .05 N | 19.2 | 75.0 | 3.8 | 13.7 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | 24 | 0583 |
| Steak n Shake | STAK | 8.00 | 7.00 | 7.50 | -.50 | -6.25 | 10.00 | 5.38 | -.23 | 1.01 | -2.65 | -15.31 | 29 | .07 Q | 31.8 | 67.0 | 2.1 | 25.9 | .00 | .0 | 05-17-79 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF Texas | TEXF | 3.75 | 3.75 | 3.75 | .00 | .00 | 7.50 | 3.75 | -.68 | .66 | -5.38 | -38.57 | .02 | .05 N | NC | 58.0 | .0 | 75.0 | .00 | .0 | 00-00-00 | 4.8 | .0 | .5 | 3.50 | -.17 | 1282 |
| Victoria Stations | VSTA | 8.00 | 5.63 | 7.63 | 1.63 | 27.08 | 13.63 | 5.38 | .88 | 3.65 | 11.14 | 9.27 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 15.25 | 13.13 | 13.25 | -1.75 | -11.67 | 16.50 | 10.78 | -.10 | -3.01 | 2.40 | 24.75 | 1.01 | .17 F | 20.2 | 20.0 | 7.7 | 13.1 | .24 | 1.8 | 03-14-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 9.50 | 9.50 | 9.50 | .00 | .00 | 17.50 | 9.50 | -.21 | .49 | 1.69 | 45.19 | .92 | -.07 N | -6.1 | 7.0 | 3.1 | 9.0 | .16 | 1.7 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 11.50 | 8.75 | 9.13 | -2.50 | -21.51 | 17.13 | 8.75 | -.52 | -3.40 | 3.49 | -17.55 | .63 | .00 F | .0 | 9.0 | 3.3 | 14.5 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year* * *—Other than a quarterly multiple resulting from a fiscal year change.*

FINANCIAL NEWS

## Consul 3rd-qtr. profit up 156% to $314,500

MINNEAPOLIS—Consul Corp. posted $314,500 in after-tax profit before extraordinary items for the third quarter ended Feb. 29, a 156% gain over the year-ago quarter. Sales doubled to $17 million from last year's quarter.

Consul is the largest Chi-Chi's Mexican dinnerhouse franchisee.

The company recorded a $900,000 extraordinary gain in the quarter from a life insurance policy on chairman Merrill Anderson, who was killed in a plane crash in February. This brought total third-quarter net profit to $1.2 million vs. $158,000 at the same time last year.

For the nine-month period, Consul reported profit after taxes and before extraordinary items of $1.1 million, a 147% increase over the year-ago period. Nine-month revenue was $44.1 million, a 94% gain over last year's period.

Net profit for the nine months was $2 million, a 150% rise.

Consul ended the period with 28 restaurants, up from 13 the same time last year. One new unit has since opened and six more are scheduled by fiscal year end.

## Garcia's loss $2.2 million for year; revenue up 41%

PHOENIX—Garcia's of Scottsdale said it lost $2.2 million in the fiscal year ended Jan. 1, compared to an $838,000 net loss in 1982.

Revenue in 1983 was $36.3 million, 41% higher than the year before, reflecting the chain's growth from 16 company-owned Mexican dinnerhouses in 1982 to 26 company and three franchised Mexican dinnerhouses in 1983.

The fourth-quarter net loss was $1.4 million, about the same as last year, while revenue was $8.5 million, a 30% gain over last year.

Garcia's closed the deal to acquire Famous Restaurants in February. Famous runs five seafood restaurants, largely in southern California. Two more are under construction and a third is due by December.

Garcia's plans to open seven to 10 new company or franchised Garcia's this year. Two company and two franchised units were under construction at year-end.

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## Rax reports $655G profit in 2nd quarter

COLUMBUS, Ohio—Rax Restaurants Inc., operator and franchisor of 282 fast-food restaurants in the United States, posted a net profit of $655,000 for the second quarter ended Jan. 28, a 93% gain over last year's second quarter.

Revenue for the quarter was $18.6 million, a 31% increase over year-earlier results.

For the six-month period, the company's net profit jumped 99% over last year's first half, to slightly over $2 million, while revenue climbed 33% to $38.9 million.

The strong showing for the first half of fiscal 1984, according to Rax chairman J. Pat Ross, is the result of a 15% increase in average per-unit sales. During the six-month period, Ross said, the company opened 10 new restaurants and franchisees opened an additional 28 new Rax outlets.

## Shoney's profit $6.5M in qtr.

NASHVILLE—Shoney's Inc. booked $6.5 million in net profit for the first quarter ended Feb. 19, a 27% advance over the year-end quarter.

Revenue rose 20% to $129.5 million.

Shoney's Inc. owns or franchises over 1,000 restaurants in a variety of concepts including Shoney's, Captain D's and Lee's Famous Recipe.

# Bob Evans net profit drops to $1.6 million for quarter

COLUMBUS, Ohio—Bob Evans Farms restaurant division net profit dropped 8% to $1.6 million on a 14% rise in sales to $29 million for the three-month period ended Jan. 27 compared to year-earlier results.

Daniel Evans, chairman and chief executive of Bob Evans Farms Inc., which also operates a sausage division, blamed the lackluster third-quarter performance on "a slow economy, snow and severe cold weather in our marketing areas."

Most of Bob Evans Farms family restaurants are situated in the Midwest. Sales increases in the quarter came mostly from new restaurants, Evans said.

On Jan. 27, there were 104 Bob Evans Farms restaurants, compared to 90 a year earlier. Five other units are under construction and will open by early summer.

Meanwhile, the chain has added two new side dishes, sugar-cured bacon and grits, to its menus.

# Sea Galley suffers $7M '83 loss

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores posted a $6.9 million net loss for 1983, primarily from losses incurred in its processing and distribution operations and reserves established for the disposal of those subsidiaries.

Total revenue for the year was $86 million, including $73 million from an operation of the company's 49-unit full-service chain of seafood restaurants in seven Western states.

Excluding subsidiary businesses, profit from restaurant operations would have been more than $1 million for the year, said chairman and ceo Steven Dowen.

Sea Galley recorded reserves of about $6 million relating to discontinuance and disposal of subsidiaries and to adjustment of certain receivables arising from its sale of Family Fish House restaurants. Start-up losses from its majority-owned Flakey Jake's subsidiary contributed to the annual net loss.

The company has moved "back to basics" from its experiment in vertical integration, Dowen said; the meat processing plant is in escrow, and two offers on the other facility are currently being considered.

Customer traffic in Sea Galley restaurants is up so far this year, measured in real growth of from 1% to 3%, thanks largely to the efforts of senior vp and chief operating officer Robert Galantine, said Dowen.

According to Dowen's projections, the company will move into an as-yet-unspecified new market this year and will regain expansion momentum to the tune of one new unit every month by the third quarter.

## Carrol's 3rd-qtr. profit rises 76% to $548,000

SYRACUSE—Carrols Corp., operator of 106 Burger Kings in eight states and the nation's second largest franchisor of candy and nut shops, said net profit for the third quarter, ended Feb. 29, rose 76% over last year's comparable period to $548,000. Revenue rose 50% to $29.3 million over the same period a year ago.

For the first nine months of its current fiscal year, net profit increased 42% to $3.5 million on revenue that rose 45% to $91.6 million. This year's first nine months covered 40 weeks, compared to 39 last year.

Burger Kings open a year or longer saw average sales increase by 9.3% during the third quarter, Herbert N. Slotnick, Carrols' chairman, said.

The company opened two Burger Kings during that quarter. So far this year, 12 new units were opened.

By quarter's end, Carrols had 167 Jo-Ann's and Chez Chocolat candy and nut shops in 22 Eastern and Midwestern States. The company acquired the shops in June of last year.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Assoc. Hosts | 3 mos. | 12/29 | | | $ 22.800 | 11.0 | $ 0.794 | 85.0 |
| Big Bite | 3 mos. | 9/30 | | | 4.700 | — | 1.500 | — |
| Bob Evans Farms | 3 mos. | 1/27 | 29.000 | 14.0 | | | 1.600 | – 8.0 |
| Carrol Corp. | 3 mos. | 2/29 | | | 29.300 | 50.0 | 0.548 | 76.0 |
| | 9 mos. | | | | 91.600 | 45.0 | 3.500 | 42.0 |
| Collins Food Int'l | 3 mos. | 1/31 | | | 98.554 | 30.0 | 3.511 | 23.0 |
| | 9 mos. | 1/31 | | | 290.898 | 18.0 | 11.835 | 24.0 |
| Consul Corp. | 3 mos. | 2/29 | | | 17.000 | 97.0 | 1.200 | |
| | 9 mos. | | | | 44.100 | 94.0 | 2.000 | 254.0 |
| El Chico | 3 mos. | 2/10 | $ 17.100 | 13.0 | | | 0.780 | |
| | 9 mos. | | 52.400 | 17.0 | | | 2.600 | |
| El Torito | 12 mos. | 12/31 | 210.671 | 22.0 | | | 7.755 | 23.0 |
| | 3 mos. | | 53.754 | 20.0 | | | 1.564 | 32.0 |
| Esteban's Mexican Foods | 3 mos. | 12/31 | 2.890 | 42.0 | | | 0.009 | |
| | 12 mos. | | | | 10.500 | 52.0 | 0.416 | |
| Garcia's | 12 mos. | 1/1 | | | 36.300 | 41.0 | –22.000 | |
| | 3 mos. | | | | 8.500 | 30.0 | – 1.400 | |
| Greyhound Corp. | 3 mos. | | | | 432.200 | 23.5 | 24.200 | 2.5 |
| Int'l Dairy Queen | 12 mos. | 11/30 | | | 99.300 | 17.5 | 7.200 | 16.7 |
| | 3 mos. | | | | 23.500 | 19.5 | 0.982 | 11.7 |
| Luby's Cafeterias | 3 mos. | 2/29 | | | 40.000 | 20.0 | 3.600 | 21.0 |
| | 6 mos. | | | | 78.900 | 17.0 | 7.300 | 17.0 |
| Noble Roman's | 12 mos. | 12/31 | | | 11.600 | 18.0 | 0.347 | 18.0 |
| Pancho's | 3 mos. | 12/31 | | | 6.900 | 16.0 | 0.206 | 20.0 |
| Penny-Tide Corp. | 12 mos. | 9/30 | 3.700 | 64.0 | | | 0.168 | 416.0 |
| Pillsbury | 3 mos. | 2/29 | 1,000.000 | 15.0 | | | 36.000 | 24.0 |
| Rax Restaurants | 3 mos. | 1/28 | | | 18.600 | 31.0 | 0.655 | 93.0 |
| | 6 mos. | | | | 38.900 | 33.0 | 2.000 | 99.0 |
| Sea Galley | 12 mos. | | | | 86.000 | | – 6.900 | |
| Shoney's | 3 mos. | 2/19 | | | 129.500 | 20.0 | 6.500 | 27.0 |
| Taco Villa | 12 mos. | | | | 25.600 | 2.0 | 1.100 | 95.0 |
| Vie de France | 6 mos. | 12/11 | | | 24.200 | 32.0 | 2.400 | 32.0 |

Source: *Company earnings reports*

*—Loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

FOCUS NRN

WINE & SPIRITS

# DRINK MERCHANDISING FOR PROFITS

**By Charles Forman**

An English chop house in New York City has been making a name for itself with whiskey promotions. A wine motif restaurant in Peabody, Mass., has lit a fire under sales with a fine list and a merchandising policy that takes the snobbism out of the business. A tablecloth operation in Westport, Conn., has launched a superpremium beer sales campaign with a tasting similar to its regularly scheduled wine tastings.

Each of these ventures is culling new, profitable business at the same time that distilled spirits sales are sagging, total beer sales are stagnant, wine sales are only inching up and a new wave of puritanism, fanned to a blaze of fury by the highway carnage caused by drunk drivers, is sweeping the nation.

It does seem that when it rains, it pours, and no one would deny that the skies over the bar business are cloudy. But at the same time, scores of operators large and small are finding that customers still have needs, even if this year's are not the same as last year's. Profitable strategies to meet those needs can be developed.

Distilled spirits sales, overall, have tumbled in recent years. From 1980 to last year, apparent consumption slid from 449.9 million gallons to 430.7 million.

The key fact for restaurateurs, however, is not the slide but the changing consumer preferences they can appeal to. Warner Leisure's Gadgets chain has trained waitresses to make suggestions from its list of specialty drinks. These high margin items now account for one in four drinks ordered at the units.

Rusty Pelican, operator of 12 high-volume seafood dinnerhouses, has geared a special drink menu at its restaurants' seafood bar areas directly at the younger crowd it likes to attract in these areas.

The drinks are usually sweet, many topped with whipped cream, many are served hot and all are concocted with the range of newly popular spirits, especially liqueurs.

Names like Rumpleminzkin, Pelican Punch, Hot Irish Nut, Long Island Iced Tea and so on, bolster the merchandising effort.

"Today's young people are into drinks made from cordials and liqueurs," notes drink book co-author Lionel Braun (The Drink Directory) approvingly. "You have to be at least 30 before you can appreciate a martini."

Braun also makes the point that the faults of inexperienced bartenders are less glaring in cocktails mixed with sweet cordials.

Beer preferences are changing, too, and as with distilled spirits the changes are creating opportunities for those operators closely attuned to the market.

Over 30% of beer sales are made on-premises, according to a leading brewer, and just a few years ago when the country seemed on a beer swilling rampage, bar operators had only to sit back and enjoy the business.

Last year, however, the industry shipped 180.6 million barrels, which was a gain of less than 1% over 1981-82 levels. Analysts are predicting marginal growth increases, about 1.7% a year, for the next few years. This is still far short of the 4% a year gains made a decade ago.

The number of 18- to 24-year-olds is declining, contracting one of beer's best markets. At the same time, many states are considering measures to raise their legal drinking ages. Twelve did last year and six the year before. At present 25 are considering such legislation.

But some segments of the beer market are on a roll. Light beer is still making impressive gains. Predictions are that by the end of next year almost twice as much light beer, about 37 million barrels, will be shipped as five years ago.

At the same time premium, super premium and imported labels continue to pick up market share. The on-premise share of each of these growing categories is considerably greater than its overall share.

Both light and imported brands account for more than twice the percentage of on-premise as of total beer sales, according to recently released

*(Continued on page 53)*

***'Distilled spirits sales, overall, have tumbled in recent years. But operators are finding that customers still have needs, and profitable strategies to meet those needs can be developed.'***

# FOCUS NRN

## WINE & SPIRITS

# *Drink merchandising: Creativity = profits*

*(Continued from page 47)*

industry statistics.

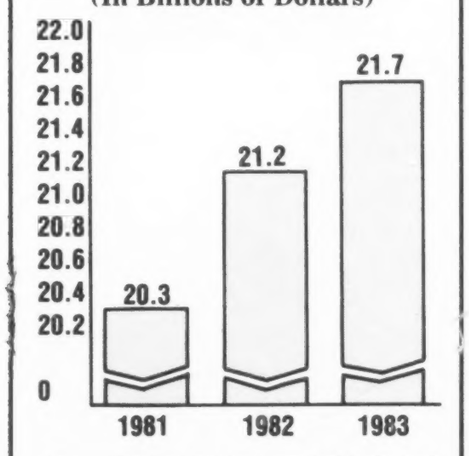
In a historic structure in Troy, N.Y., Holmes & Watson restaurant is doing a fair job of turning itself into a beer drinker's paradise with its 1984 World Beer Tour Menu. Customers get their own menu card listing 80 beers from around the world. Downing any 55 and getting them checked off on the individualized menus constitutes completing the tour. Some customers are working their way down the list in just a few days.

Cafe de la Plage, a Westport, Conn., tablecloth operation has long hosted regularly scheduled wine tastings as a way of educating and enticing customers. Now they're doing the same thing with beer. A recent beer tasting included 30 super premiums and imports. The proprietors see a whole new business building out of the effort.

The wine market certainly provides restaurateurs a target

***DISTILLED SPIRITS SPENDING CREEPS UP***

**(In Billions of Dollars)**




Source: Distilled Spirits Council of the United States

that is definitely getting bigger but, still, those exploiting it best are operators displaying merchandising ingenuity.

Despite the effects of lingering recession in some areas, wine sales have continued to creep up and steady growth is predicted.

Per capita wine consumption, not quite a gallon in 1960, is predicted to reach 4.3 gal. by 1990.

Wine obviously complements desires of consumers to be more moderate in their drinking.

The market's growth is also concurrent with the emergence of world class wines produced by American vintners.

Wines from California have held a pretty steady share of domestic sales the last couple of years at just under 70%, according to the Wine Institute.

Wines from other areas are also coming into their own and many restaurateurs are making the most of this development.

At Turback's in Ithaca, N.Y., founder and owner of the 140-seat establishment Michael Turback features regional cuisine and a list consisting exclusively of New York State wines.

"It really sets us apart from the general restaurant," he says.

He first developed the New York State-only list about four years ago. During the next two years' sales volume nearly tripled, he says.

Others are venturing into the area of wine competitions and barrel tastings, in complimentary imitation of The Four Seasons (N.Y.) annual California barrel tasting, which garners national press attention.

For the past four years The Red Lion Inn, Stockbridge, Mass., has hosted a New England Wine Competition. In Spokane, Wash., Patsy Clark's recently drew 130 guests to a $75 a person 10-course barrel dinner. The Manor, West Orange, N.J., a 1984 *Nation's Restaurant News* Fine Dining Hall of Fame award winner, has begun hosting its own elegant barrel tasting affair.

Major chains, too, have been making great efforts to bolster the sophistication of their wine merchandising and build profitable wine sales.

In recent months Steak & Ale has become a top example of how a wine sales program can be specifically designed for a large multiunit operation. A comprehensive program stressing continuity of approach, training, list development and pricing has given the dinnerhouse chain hefty wine sales gains.

It's hard to doubt then that a creative merchandising approach can help operators profitably bolster wine and spirits sales.

Of course, hard questions remain. The National Restaurant Association, seeking a leadership role in response to consumer concern over drunk driving, recently urged restaurateurs to drop promotions in which drinks were given away.

As attitudes change can operations like the Mardi Gras in Long Beach, Calif., continue to make hay out of its beach party atmosphere and special drink prices?

No one knows the answer.

Liquor sales are currently threatened from another source, too: the Federal Government. Congress is now considering a measure to boost Federal liquor taxes 36%.

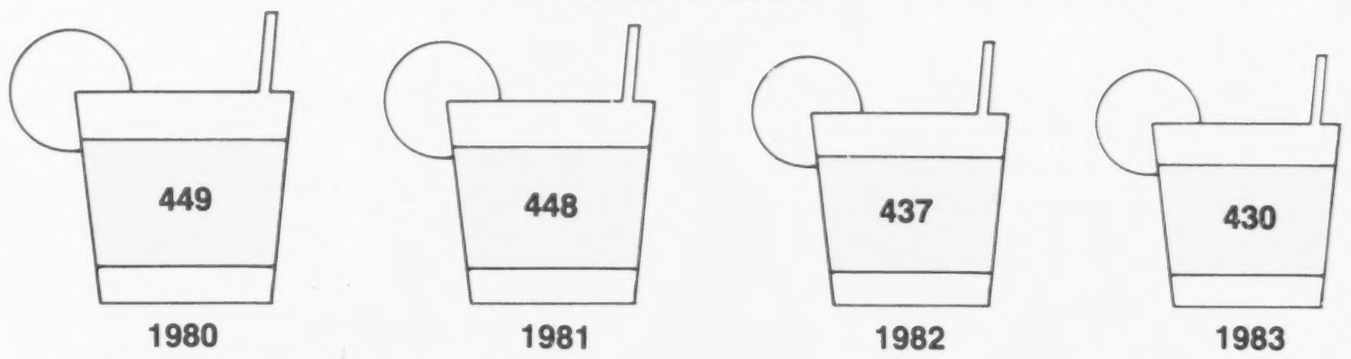
Although this Federal Excise Tax on distilled spirits—it would not apply to beer or wine—was still bottled up in the House Ways and Means Committee last month, it's yet another cause for those whose business depends heavily on liquor sales to worry.

Worry or not, the marketplace is going to continue to change as demographics, preferences and mores change. Operators will not build business by furrowing their brows but by merchandising directly to consumer needs.

***'Major chains, too, have been making great efforts to bolster the sophistication of their wine merchandising.'***

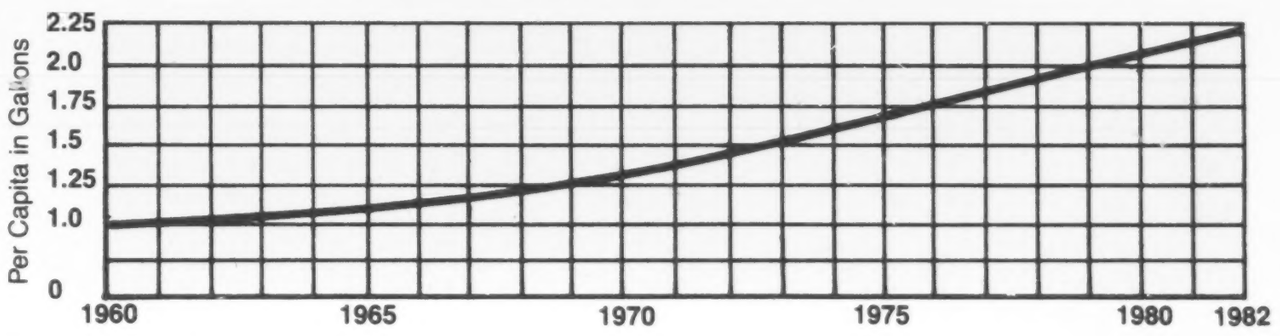
***FALL-OFF IN LIQUOR CONSUMPTION: 1980-1983***

**In Millions of Gallons**



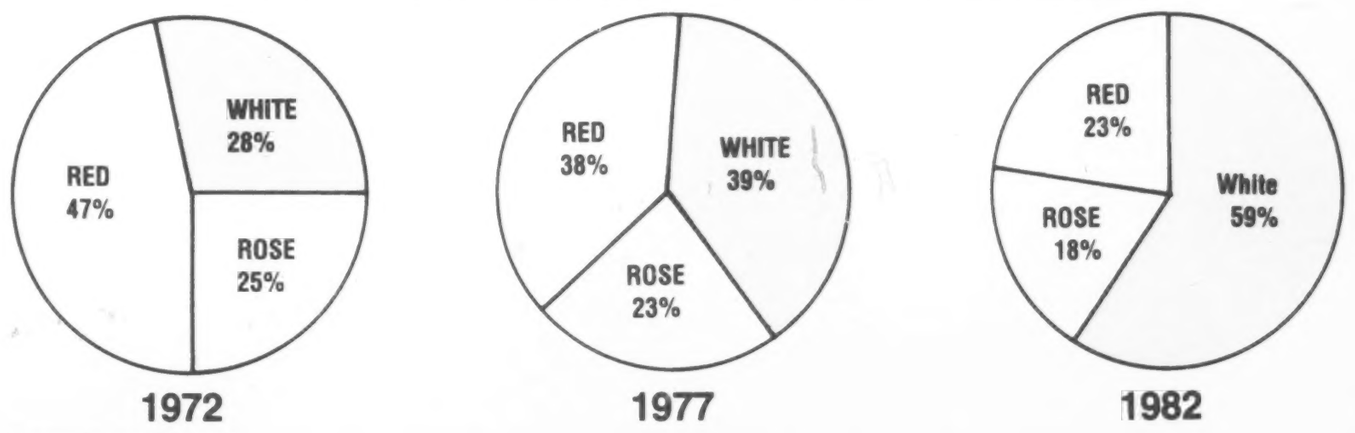

Source: Distilled Spirits Council of the United States (DISCUS)

***WINE CONSUMPTION: 1960-1982***



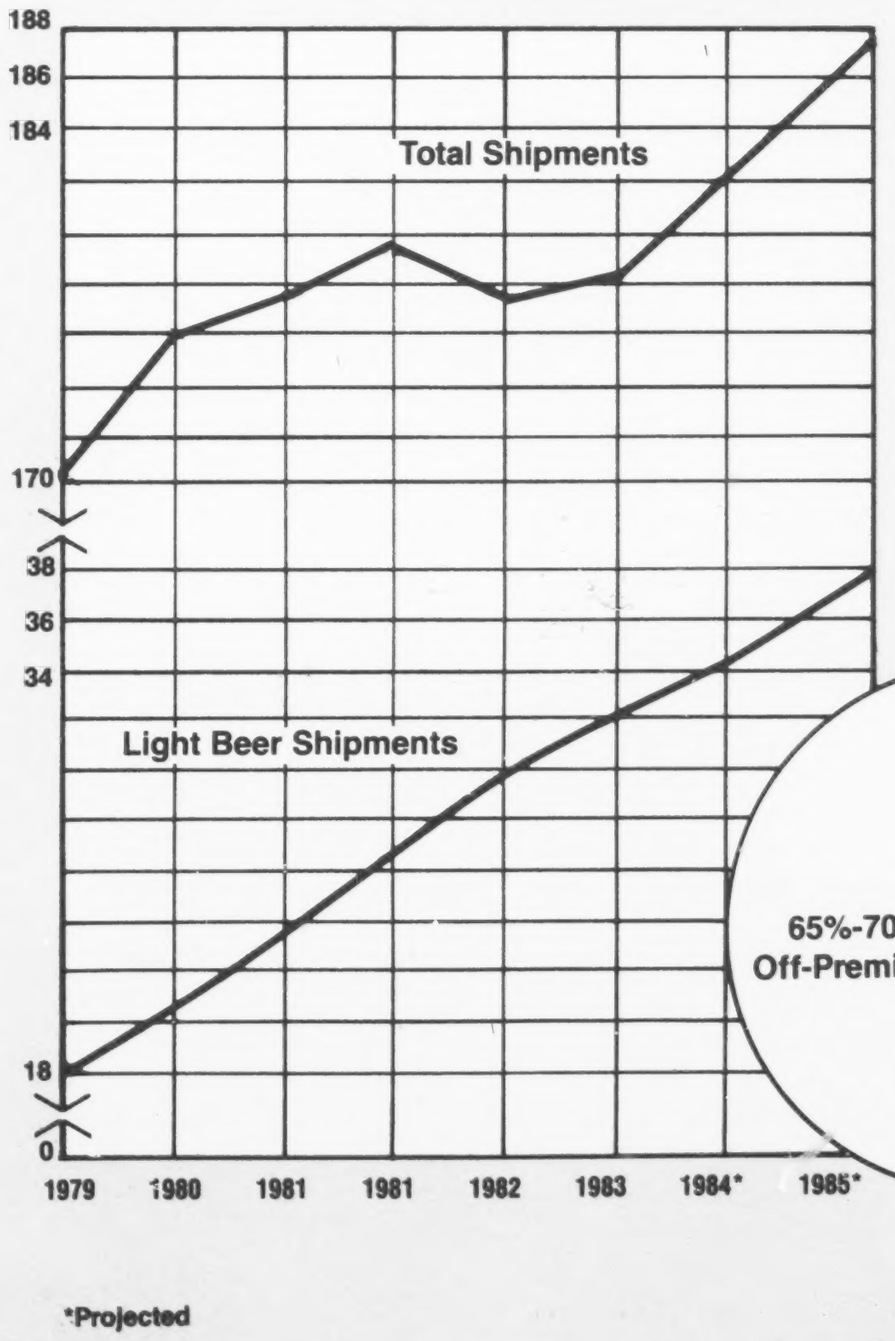

Source: Wine Institute

***WINE DRINKERS CHANGING PREFERENCES***



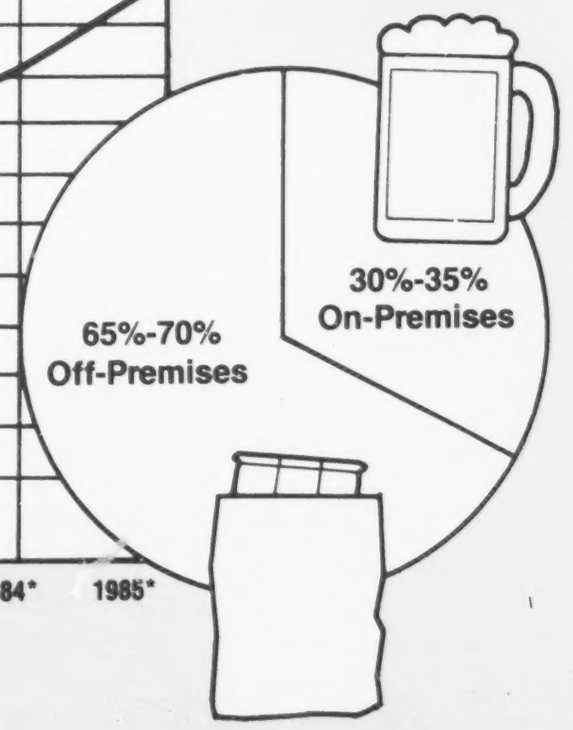

Source: Impact Databank

***THE BEER MARKET***




Source: R. S. Weinberg & Associates

***ON-PREMISES VS. OFF-PREMISES BEER CONSUMPTION***




Source: Miller Brewing Co. market research

FOCUS NRN

WINE & SPIRITS

# *Wade Federici and the DWI 'writing on the wall'*

**By Roman Czajkowsky**

WEYMOUTH, Mass.—Long before many of his colleagues in the restaurant industry began taking notice of their role in the driving-while-intoxicated (DWI) issue, and precisely two years before the National Restaurant Association urged its members to curb liquor promotions, Wade Federici "saw the writing on the wall," as he puts it.

So the co-owner of The Great Escape hospitality complex here, which includes a 158-seat restaurant, a 250-seat lounge and a 450-capacity nightclub called Escapade, took matters into his own hands.

Up went signs and posters urging patrons not to drink and drive. "Friends don't let friends drive drunk," one reads. Another says, "Think before you drive." Each of the four bathrooms—two for men and two for women—in the complex has framed and mounted blood-alcohol content (BAC) charts that tell just how many drinks a person can consume over a specific time span before he or she is considered legally drunk.

Federici knew well the risks he was taking. His nine-year-old business, located a 15 minute drive south of Boston, depends in large part on liquor sales: In fact, liquor accounts for between 55% and 60% of total sales in the dining room and lounge, and 100% in the nightclub. Urging customers to take it easy could well reduce those profitable sales.

It didn't—but neither did sales grow. "We were in a 12% growth pattern, but now we're flat," admits Federici. "You might say we've lost some money."

That Federici didn't revert to business-as-usual—in fact, he intensified his anti-DWI campaign—signifies the dilemma the restaurant industry is caught in these days: Ignoring the public furor over the high incidence of accidents involving drunk driving, and the alleged role restaurants and taverns are playing in contributing to those accidents, is likely to intensify charges that restaurateurs are guilty of "social irresponsibility." And many industry officials also fear that unless restaurants and bars play their part in curbing drunk driving, public pressure will ultimately lead legislatures to pass highly restrictive liquor service regulations.

"If we as the industry do not control ourselves and stop somehow or put the breaks on this carnage on highways," says Federici, "we'll be either legislated or litigated out of business, and the restaurant lounge business will no longer exist as we know it today."

Federici's anti-DWI measures can serve as a model for other restaurateurs. Not only do they greatly reduce the risk of third-party liability—law suits brought against liquor servers by innocent victims of drunk drivers—but they also portray the restaurant's owners as concerned citizens of their community, a view that has generated much goodwill on the part of customers, Federici says.

Besides the various posted signs warning patrons of the dangers of drunk driving, The Great Escape has also instituted a "designated driver program." Explains Federici: "If someone wants to be the designated driver for his group, we give the patron a button that says 'Designated Driver.' That patron pledges not to drink any alcoholic drink and to drive his party home. In return, we serve him all nonalcoholic drinks—coffee, tea, cocktails and the like—on the house." Moreover, the next time 'designated drivers' visit the restaurant, they can turn their buttons in for a free alcoholic drink. Posters explaining the program have been hung throughout the property.

All Great Escape bartenders and waitresses are regularly trained to recognize signs of intoxication. When they spot a customer who seems to have had one too many, they're instructed to alert a manager, who will then find alternative transportation home. "In many cases our managers or doormen will drive them home themselves," says Federici.

Moreover, says Federici, the restaurant's staff no longer "asks" intoxicated customers not to drive themselves. "We just tell them firmly, 'You're not leaving.' I'm not treating people nicely about this matter any more. We *assume* people are driving. And the doormen are responsible for watching whether customers who say they're not driving try to get into a car after all."

Once a customer realizes that this tough approach is meant to keep him from hurting himself, he's not likely to complain, explains Federici. Though there are times when he's risking being charged with false imprisonment, Federici admits, he's willing to take that gamble. On some occasions, he's even asked the police to take an intoxicated patron bent on driving home himself into protective custody, which in Massachusetts means about four hours in the police station, to sober up.

### Abuses

Federici agrees with those who argue that the majority of drunk driving accidents are caused by a small percentage of heavy drinkers, repeat DWI offenders, and that the restaurant industry as a whole performs responsible liquor service. Still, he says, "because we can't keep repeat offenders off the road—we're not the courts—we can keep intoxicated people from leaving our building to get into a car."

Keeping a customer from getting intoxicated in the first place is the best line of defense, Federici says. To this end, the Great Escape refrains from any liquor merchandising ploys that might promote over-indulgence.

"We do not reduce our liquor prices during happy hour, but we roll out a variety of free hors d'oeuvres. We do not offer two-for-ones. And we do not sell pitchers of beer or pitchers of drinks," the restaurateur says.

He also offers another tip: "Don't back up drinks. If a customer buys another patron a drink and that patron still has one in front of him, we don't serve the free drink right away. Instead, we just put an inverted glass in front of him. This way, the customer doesn't feel he *has* to have that drink."

Another area where Great Escape staffers stand "firm" is carding. "If a person does not visibly look 20 years old [the minimum drinking age in Massachusetts], regardless of how many ID cards they show us, we won't let them into our lounge," says Federici. That goes even for those who have a photo ID, because a driver's license can be easily forged in the state, maintains Federici.

But even restaurateurs as vigilant as Federici are not immune to liquor service liability suits: About a year ago, he recalls a customer came to the Great Escape for drinks, left and went for more drinks elsewhere, then returned again. The Great Escape refused to serve him drinks this time around, Federici maintains. The customer drove off, and shortly after hit another car head on, killing its two passengers. Both the Great Escape and the other restaurant that served the customer are now being sued under common law for damages by the victims' relatives.

Federici says that while he's insured against liability, and even though his various anti-DWI efforts have put a crimp into liquor sales, he's not about to let up in his campaign.

For one thing, he's encouraged by customers' responses. "They think that what we're doing is tremendous, and they have been very helpful," he declares.

And he's convinced that the Great Escape is doing its share in reducing drunk driving accidents. Every restaurant employee, even the busboys, must wear a button that proclaims, "responsible drivers don't drive drunk." It's a message no customer can fail to notice, says Federici. "You can see them thinking before they order a drink."

Federici's efforts have not gone unnoticed by other restaurateurs. He's often invited to speak on anti-DWI measures before a variety of civic groups. Only recently, his restaurant organized a group discussion for liquor license holders from four surrounding communities. It drew an impressive crowd of 128.

"We're heading in the right direction, finally," Federici says about his colleagues. But he adds: "I think we need more employee training, and above all we need more customer training. We need to teach them just what being intoxicated really means."

## BEER, WINE AND DISTILLED SPIRITS REGULATIONS

| State | 21 | 20 | 19 | 18 |
|---|---|---|---|---|
| Alabama | | | All Beverages | |
| Alaska | | | All Beverages | |
| Arizona | | | All Beverages | |
| Arkansas | All Beverages | | | |
| California | All Beverages | | | |
| Colorado | All Beverages | | | 3.2 Beer |
| Connecticut | | | All Beverages | |
| Delaware | | All Beverages | | |
| District of Columbia | All Beverages | | | Light Wine and Beer |
| Florida | | | All Beverages | |
| Georgia | | | All Beverages | |
| Hawaii | | | | All Beverages |
| Idaho | | | All Beverages | |
| Illinois | All Beverages | | | |
| Indiana | All Beverages | | | |
| Iowa | | | All Beverages | |
| Kansas | All Beverages | | | 3.2 Beer |
| Kentucky | All Beverages | | | |
| Louisiana | | | | All Beverages |
| Maine | | All Beverages | | |
| Maryland | All Beverages | | | Light Wine and Beer |
| Massachusetts | | All Beverages | | |
| Michigan | All Beverages | | | |
| Minnesota | | | All Beverages | |
| Mississippi | All Beverages | | | Beer |
| Missouri | All Beverages | | | |
| Montana | | | All Beverages | |

| State | | | | |
|---|---|---|---|---|
| Nebraska | | All Beverages | | |
| Nevada | All Beverages | | | |
| New Hampshire | | All Beverages | | |
| New Jersey | | | All Beverages | |
| New Mexico | All Beverages | | | |
| New York | | | All Beverages | |
| North Carolina | All Beverages | | | Beer |
| North Dakota | All Beverages | | | |
| Ohio | All Beverages | | Light Wine and Beer | |
| Oklahoma | All Beverages | | | 3.2 Beer |
| Oregon | All Beverages | | | |
| Pennsylvania | All Beverages | | | |
| Rhode Island | | All Beverages | | |
| South Carolina | All Beverages | | | Beer |
| South Dakota | All Beverages | | | 3.2 Beer |
| Tennessee | | | All Beverages | |
| Texas | | | All Beverages | |
| Utah | All Beverages | | | |
| Vermont | | | | All Beverages |
| Virginia | All Beverages | | Light Wine and Beer | |
| Washington | All Beverages | | | |
| West Virginia | | | | All Beverages |
| Wisconsin | | | | All Beverages |
| Wyoming | | | All Beverages | |

All Beverages — Light Wine and Beer — 3.2 Beer — Beer

Source: Miller Brewing Company Government Affairs Department

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FIELD MANAGEMENT
*Chains cut the strings—Pp. 69-71*

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# Shoney's secedes from Big Boy system

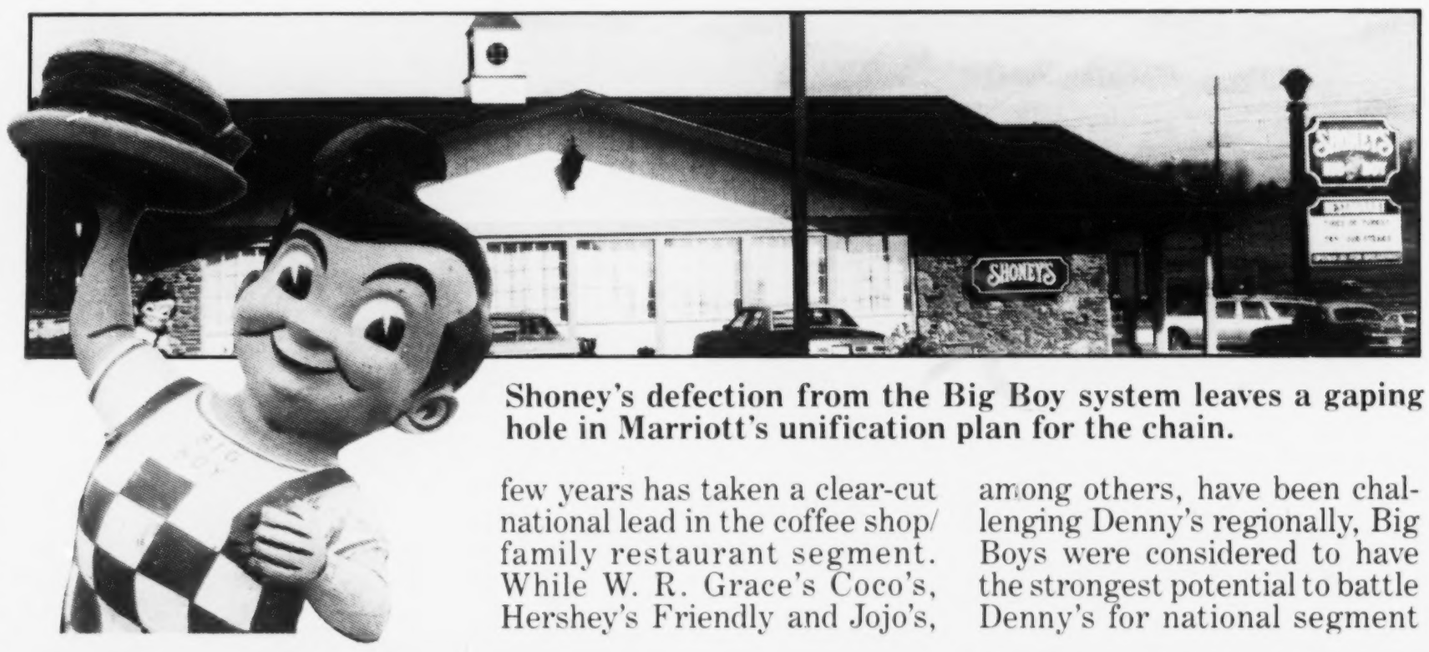
## *Loss of 392 units cuts system by one-third*

**By David Zuckerman**

NASHVILLE—In a move that may encourage others to secede from the Big Boy franchising empire, Shoney's Inc. has terminated all affiliation with the Big Boy name by buying out Marriott's stake in its 392 Shoney's Big Boy restaurants.

Shoney's, which was the largest licensee in the system, has ceased to be a Big Boy franchisee under terms of a buy-out agreement which involved "an extremely large sum of money." This means the company can now compete freely—under its own Shoney's name—with the 20 remaining licensees in the Big Boy network.

With the virtual demise of Sambo's, Denny's over the last few years has taken a clear-cut national lead in the coffee shop/family restaurant segment. While W. R. Grace's Coco's, Hershey's Friendly and Jojo's, among others, have been challenging Denny's regionally, Big Boys were considered to have the strongest potential to battle Denny's for national segment leadership if Marriott could successfully unify the system.




**Shoney's defection from the Big Boy system leaves a gaping hole in Marriott's unification plan for the chain.**

Shoney's defection—which is bound to send a chill through many franchisors—leaves a gaping hold in Marriott's Big Boy scenario. With a restructured management team and a major unification plan in the works, the parent company has suddenly lost more than one-third of its franchised Big Boy units in a single blow.

Further, Marriott may face an uphill struggle in bringing other franchisees into line when it unveils full details of its new systemwide marketing plan this summer.

While the smaller Big Boy franchisees such as Salt Lake City-based JB's and Milwau-

*(Continued on page 154)*

# *High court OKs illegal alien raids*

**By Ken Rankin**

WASHINGTON—The Supreme Court has upheld the right of Federal immigration agents to conduct mass interrogations of employees to track down illegal aliens in restaurants and other businesses.

The decision, which was handed down by the court late last month, snaps a string of recent legal rulings and interpretation limiting the power of Immigration and Naturalization Service agents to raid establishments suspected of employing undocumented aliens.

Significantly, the ruling does not disturb earlier court decisions prohibiting I.N.S. from conducting "warrantless" search and seizure raids on restaurants and other places of employment.

But it does sanction the agency's controversial practice of sending teams of agents armed with warrants (or employer authorization) to "interview" all workers on a job site to determine their immigration status.

Although these mass employee interrogations have been used primarily to snare unlawful immigrants in factories, food-service lawyers contend the Supreme Court decision could have long-term implications for the restaurant industry as well.

"There appears to be nothing

*(Continued on page 154)*

# McD: Counterattack on 2 fronts

## *New ad campaign sidesteps burger war, hawks value*

**By Joe Edwards**

OAK BROOK, Ill.—If you're wondering where the beef is, check out McDonald's new advertising campaign—a whopper of a media blitz that ignores the shrill "battle of the burgers" and concentrates instead on food quality, taste and value.

Eight 30-second and four 60-second TV spots using the theme, "It's a good time for the great taste of McDonald's," show up on network TV this month and will run at least through year's end.

The ads were created by Leo Burnett Co. and replace the year-old "McDonald's & You" campaign, also Burnett's work.

Several of the new spots once again emphasize the so-called McDonald's Experience, but the main focus of the campaign is on food, especially breakfast items, the Big Mac, french fries and Chicken McNuggets.

*(Continued on page 154)*

## *Unveils first new breakfast items in seven years*

OAK BROOK, Ill.—Seeking to secure its lock on the fast-food breakfast market, McDonald's is testing a new breakfast "finger food" called Maple McCrisps and is rolling out two new Sausage McMuffin sandwiches in key markets.

Maple McCrisps are deep-fried pieces of pastry dough with an outside coating of sugar and cinnamon and an inside pocket of maple syrup, described by a spokesman as "a maple syrup surprise."

At 14 company-owned test restaurants in Naples and Fort Myers, Fla., six bite-sized, triangular-shaped Maple McCrisps are priced at 79¢. The product is similar to French toast in the way an Egg McMuffin is similar to Eggs Benedict.

Sausage McMuffin sandwiches—available with sausage patty and cheese and sausage patty, cheese and egg—have been added to menus in Los Angeles, San Francisco, Chicago, New York and other cities. Newspaper and TV ads are supporting the rollout.

These are the first new

*(Continued on page 154)*

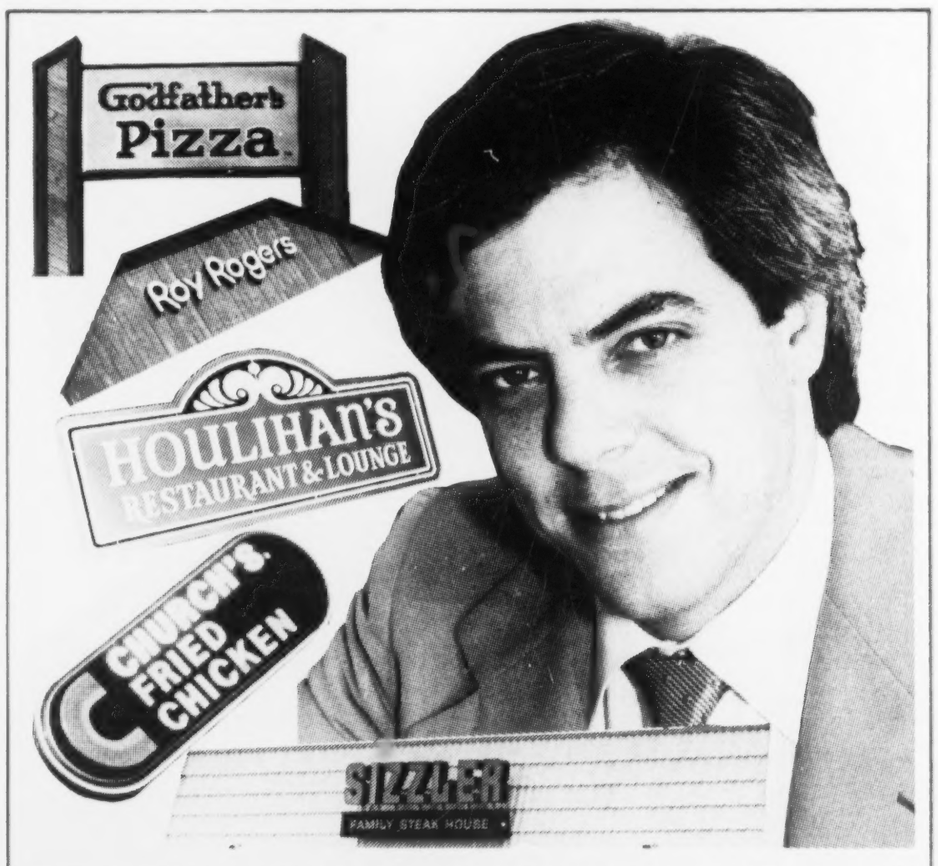
## LATE NEWSBREAKS

**McDonald's net profit rose nearly 14% to $75 million on a 14% increase in revenue to $758 million in the first quarter ended March 31 compared to the year-earlier period. Systemwide sales were up 18% to $2.2 billion without any menu price hikes, but profit margins at company-owned restaurants dipped to 16.1% from 16.3%.**

**Pledging a campaign of tough enforcement against EDB contamination, the Environmental Protection Agency has made mandatory its previously suggested limits on the amount of the pesticide allowed in grain-based foods. State standards, where stricter, remain in force.**

**Westin Hotels has chosen Dwight Call, a 28-year company veteran and former executive vice president/operations, as president. Call continues to report to Harry Mullikan, chairman and ceo since 1982.**

**Ponderosa posted a 16% year-to-year profit gain to $12.1 million for the year ended Feb. 23, still short of fiscal 1979 levels. Revenue was $429.1 million, 11% above last year.**




**Dennis Riese, president and chief operating officer, with some of the newest chain concepts that have or may soon become part of Riese's empire.**

# *Riese, Grace sign pact; Church's deal set*

**By Rick Telberg**

NEW YORK—The family-owned Riese Organization is attempting to position itself as the gateway to New York—food-service franchisors' only hope of effectively developing the huge, rich and surprisingly untapped metropolitan area market.

In its latest deals, Riese signed a multiconcept agreement with W. R. Grace & Co. to develop at least 100 restaurants every seven years, for up to 300 restaurants in 21 years, and has bought 12 Church's Fried Chicken outlets in the city and disclosed plans to build perhaps 80 more Church's.

"It's every businessman's dream to be a monopoly," Dennis Riese, 33-year-old president and chief operating officer, said with characteristic bluster.

But the company, founded in the Depression by brothers Murray and Irving Riese, who still make the major decisions, is by far New York's biggest restaurant operator with 45 concepts in 250 prime locations.

Neither Horn & Hardart nor Restaurant Associates commands the market penetration that Riese does.

While the pace and diversity of expansion the company envi-

*(Continued on page 154)*

*NRA preview—Pp. 57, 58*

## COMMODITIES

# *Vegetable price picture mixed; short-term meat outlook appears bleak*

**NRN Special Report**

Canners and freezers are sending out mixed signals on prices through the end of this pack season. Some prices are moving up, others down. The outlook for the '84-'85 pack year, however, is much more positive as far as vegetables are concerned. The only problem is that nature may not cooperate with the plans of the packers.

Tomato product prices have dropped last month, with packers bringing case prices more in line with actual supply and demand. Hanging over the market is an expected crop which will be the largest since 1977, up about 11% from last year's harvest. Across the board, all 6/10 sizes: Paste, puree, catsup and chili sauce, are showing price declines of from 50¢ to $1 a case.

Spinach prices are holding at levels of last year at this time, with some early discounts in evidence. Other canned vegetables are not doing as well. Canned asparagus, while not in the condition it was last year at this time (with less than 20,000 cases in packers' hands), has just kept prices level with last year—due mainly to heavy damage incurred by California growers in the heavy '83 storms.

Expect canned green bean price hikes. Packers' stocks are tight, and this year's acreage is only 4% greater than last year's.

*(Continued on page 153)*

### *PRICE MOVEMENT AT A GLANCE*

| | April 13, 1983 | March 13, 1984 | April 13, 1984 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $1.10 | $1.06 | $1.04 |
| Blueberries, cultivated, Mich., frozen, 30 lb. | $0.885-0.91 | $0.42-0.43 | $0.38-0.39 |
| Broilers, Grade A dressed, icepack NYC (lb.) | $0.4348 | $0.6589 | $0.5979 |
| Ketchup, fancy, Calif. 6/10) | $15.00 | $14-14.50 | $13.50 |
| Coffee, green beans, Brazilian, NYC (lb.) | $1.27 | $1.52 | $1.48 |
| Eggs, Grade AA, lay white, Chicago (doz.) | $0.6275 | $0.83-0.85 | $1.05-1.07 |
| Lettuce, iceberg, Calif. (24s) | $5.50-6.00 | $5.00-5.50 | $3.00-3.50 |
| Pork loins, Choice, 14-17 lb. Midwest (lb.) | $0.98 | $0.805 | $0.92 |
| Potatoes, round white, Maine (50 lb.) | $3.0625 | $4.00 | $3.375 |
| Spinach, Grade A, leaf, frozen, Calif. (lb.) | $0.32 | $0.28-0.30 | $0.25 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Taco Bell's expansion drive heralds 'gourmet' approach

**By Richard Martin**

DENVER—A heavily funded and ambitious schedule of capital improvements and expansion, and a gutsy new outlook on competing in the fast-food mainstream, mark the dawn of "a new era" for Taco Bell, says the company's executive braintrust, here to launch the chain's new image.

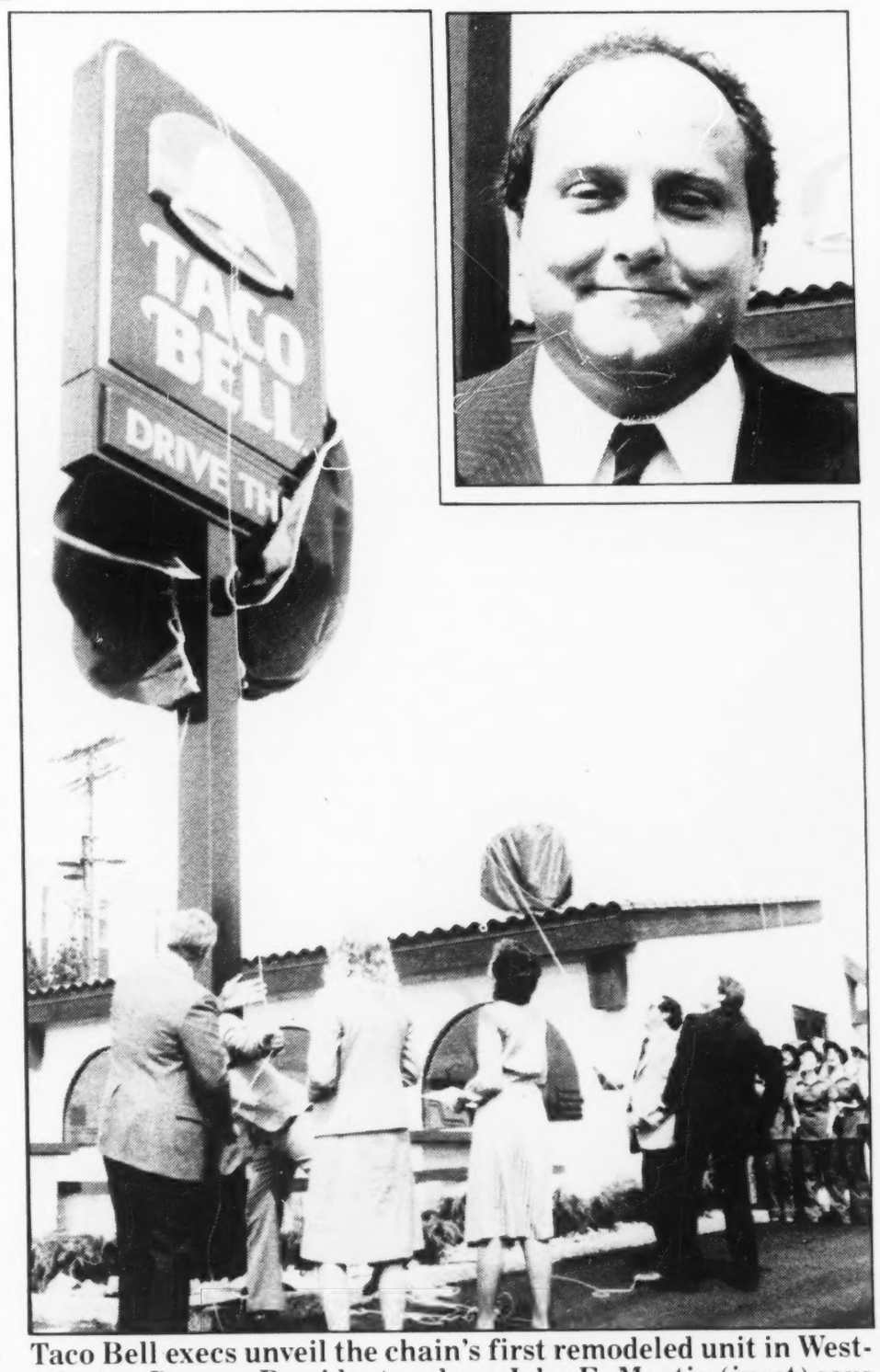
Meanwhile, Taco Bell's R&D staff is laying the groundwork for an evolutionary shift in menu-item orientation which could endow the Mexican fast feeder with the "gourmet" appeal of such foodstuffs as shredded beef and char-grilled "pollo-style" chicken.

PepsiCo's 1,700-unit chain, which last year had sales of nearly $900 million, has had confidence in its newly forged strategic gameplan bolstered by recent performance levels suggesting that per store average sales in company outlets (about half the total system) could rise by a whopping 25% this year. "I don't know of anyone in the business who has done that," says Taco Bell president and ceo John E. Martin.

According to its new gameplan, Taco Bell could spend more than $150 million over the next several years on the total package of physical upgrades and unifying image enhancements just unveiled here in its pilot "model market" project, including:

- New signage featuring a refined logo style, replacing the old "sleeping sombrero" image;
- Exterior facelifts and building expansions of existing units, to add seating capacity

*(Continued on page 109)*






Taco Bell execs unveil the chain's first remodeled unit in Westminster, Denver. President and ceo John E. Martin (inset) says that the changes being implemented mark ". . . the first time Taco Bell will be bringing everything together."

# Hardee's wages 'battle of menus' in upcoming network TV ads

**By David Zuckerman**

ROCKY MOUNT, N.C.—With a strong emphasis on menu variety and product quality, Hardee's has rolled out a new advertising campaign that will attempt to carry the battle of the burgers into a broader arena—"the battle of the entire menu"—according to parent Imasco USA chairman and ceo Jack Laughery. (Earlier story, page 60.)

Launched early this month with spot TV ads in selected regional markets, the "totally integrated campaign" will move to network television "sometime this summer," the first such venture for Hardee's. It will carry a new tag line—"It's All Here"—and tout the chain's specialty sandwich line and biscuit breakfasts.

While Loughery acknowledged that Hardee's will indeed be gunning for the Big Three (McDonald's, Burger King and Wendy's) in selected markets, he stressed emphatically that the chain will maintain its regional focus and will not attempt to mount a challenge on the West Coast or in the Northeast.

In fact, according to Ron Wertheim, Hardee's marketing senior vice president, neither of those markets will even receive the chain's network message. "We have covered that factor by selling off our network feed to both the West Coast and Northeast," Wertheim explained.

With no units west of Salt Lake City and weak representation in the Northeast, Hardee's would seem to be at a distinct disadvantage in gaining a national presence. But Loughery seemed unconcerned about lack of recognition in these crucial markets.

"We are No. 1 or No. 2 in most of the markets we're in right now, and that includes 39 states," Laughery said. "We don't need to be in 50 states. There's a lot of room for expansion in our key markets, especially in large metropolitan areas."

Spruill Bunn, Hardee's president and chief operating officer, added that the chain will "stick to its basic regional expansion philosophy" and gradually

*(Continued on page 153)*

Jack Laughery

# Beefsteak Charlie's rebound key lies in rib, gourmet-concept units

**By Joe Edwards**

NEW YORK—Searching for an expandable concept that will reverse its sagging fortunes, Beefsteak Charlie's has opened a stylish barbecued ribs theme restaurant called Nathan Detroit's in Wayne, N.J.

This comes fast on the heels of a decision to test an upscale burger concept called Daly's Dandelion and to reposition Beefsteak Charlie's dinnerhouses with lower check averages, trendier food items and contemporary decor.

What the 68-unit chain hopes to do, explains vice president-treasurer Marvin Shore, is pare down the size of Beefsteak Charlie's by converting some poorly performing units to one of the new concepts.

By choosing barbecued ribs and "upscale" burger concepts, the chain is jumping into two of the industry's hottest, new segments.

Nathan Detroit's is designed to generate higher sales volumes and stronger liquor-to-food ratios than the existing dinnerhouses, a spokesman says. Conversions from Beefsteak Charlie's to the new concept are "relatively inexpensive."

Beefsteak Charlie's apparently is positioning Nathan Detroit's to appeal to the same customers who patronize Bobby Rubino's and Tony Roma's, two national barbecued-ribs chains that compete in Beefsteak Charlie's East Coast markets.

In February 1983, Beefsteak Charlie's considered purchasing Tony Roma's, the 30-unit ribs chain based in Miami, but the deal never materialized.

In another shot at diversification a year ago, Beefsteak Charlie's signed a franchise agreement to open ShowBiz Pizza Place units in the New York Area. After opening one ShowBiz pizza-entertainment restaurant in Hackensack, N.J., Beefsteak Charlie's backed out of the deal.

These moves, plus the decision to test Nathan Detroit's and Daly's Dandelion, come at a time when Beefsteak Charlie's reports substantial losses due mostly to rising shrimp prices and a customer base erosion.

In the first quarter ended Jan. 21, Beefsteak Charlie's reported a $777,000 loss on a 9% revenue drop to $20 million compared to year-earlier results when the chain posted a $333,000 net profit.

For fiscal 1983 ended Oct. 29, the chain posted a net loss of $6.7 million on revenue of $98.2

*(Continued on page 153)*

*Top execs warn Congress:*

# Ending subsidies will close 'the path out of poverty'

WASHINGTON—In a last-ditch appeal for Congressional action to preserve the Federal Targeted Jobs Tax Credit program, top food-service industry execs warned a House Ways and Means revenue subcommittee that terminating Government wage subsidies would eliminate "a path out of poverty" for thousands of handicapped and disadvantaged individuals.

Morrison's Government Programs Coordinator Tracy McManus told the panel that although restaurant industry participation in the targeted jobs program "increased dramatically in the last year," a "major deterrent to use among all business continues to be Congress's reluctance to make T.J.T.C. a permanent program."

Since its inception in 1978, "the credit has been reauthorized for one or two years at a time," and "many businesses are understandably hesitant to begin or increase participation in a program that has a limited life," McManus maintained.

Foodservice & Lodging Institute General Counsel Tom Power made a similar plea for a multiyear T.J.T.C. extension during House hearings late last month, arguing that restaurant and hotel chains "that want to become involved with the program on a full scale basis are apprehensive about spending the time, money and resources necessary when they believe

*(Continued on page 153)*

FINANCIAL NEWS

# Saga Corp. net profit rises 33% to $8.2 million in 3rd quarter

MENLO PARK, Calif.—Spurred by big sales gains in its two upscale fast-food chains, Saga Corp. has posted a 33% increase in net profit to $8.2 million for the third quarter ended March 24, compared to the same period last year.

Revenue in the quarter was up 10% from year to year to $284 million. A 23% combined revenue gain in the Grandy's and Straw Hat Pizza upscale fast-food divisions contributed to the overall increase.

Quarterly contract revenues were up 5%, and revenues increased 16% in Saga's four restaurant divisions, including Stuart Anderson's, Spoons, Velvet Turtle and restaurant management.

For the nine-month period, net profit was up 23.2% from last year to $24.5 million on a 10.3% gain in revenue to $825.3 million.

Chairman and ceo Charles Lynch said performance in the quarter was "as anticipated," adding that the three months were "the best third quarter in the company's history."

## Pizza Time's loss: $81M

SUNNYVALE, Calif.—Pizza Time Theatre has recorded a net loss of $81.2 million for fiscal 1983 ended Dec. 29, compared to a net profit of $7.5 million the year before.

Revenue in 1983 increased 52.9% from the previous year to $151.8 million.

The company had earlier estimated its net loss for the year would be about $57 million. Included in the final figure was a fourth-quarter write-off of $45.2 million relating to the closure of certain company-operated stores.

Pizza Time sought protection from some 5,000 creditors on March 28 in a Chapter 11 bankruptcy reorganization filing in which a 364-page list of accounts payable revealed total liabilities of $108.2 million as of March 1.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended April 20 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | | | | | | | | Long Term Debt | Common Stock Equity | |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 7.00 | 6.75 | 7.00 | .00 | .00 | 8.75 | .00 | .30 | .98 | 1.12 | 21.74 | .40 | .40 F | NC | 10.0 | 4.3 | 17.5 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.38 | 4.13 | 4.13 | -.25 | -5.71 | 7.25 | 4.13 | -.61 | -1.23 | 4.99 | -11.36 | -2.05 | -2.13 Q | -775.0 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Am Motor Inns | INN | 30.00 | 28.75 | 28.75 | -1.00 | -3.36 | 38.50 | 28.63 | -.11 | -.30 | .28 | -2.48 | 2.52 | .55 S | 24.3 | 42.0 | 8.6 | 10.2 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 43.25 | 40.25 | 40.75 | -.75 | -1.81 | 55.25 | 40.25 | -.23 | -.69 | 3.87 | -8.52 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 9.1 | 2.10 | 5.2 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 12.50 | 11.75 | 12.25 | -.13 | -1.01 | 18.50 | 10.50 | -1.45 | -.05 | -6.60 | 55.59 | .72 | .45 Q | 128.5 | -1.0 | 3.6 | 15.3 | .12 | 1.0 | 03-06-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 4.13 | 3.13 | 3.88 | .50 | 14.81 | 9.25 | 3.13 | -.23 | 4.80 | -.96 | 15.98 | -1.30 | -2.34 Q | -285.3 | -53.0 | -6.8 | NE | .00 | .0 | 00-00-00 | 98.2 | -6.7 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 19.25 | 18.25 | 19.25 | 1.00 | 5.48 | 26.81 | 17.25 | .10 | .62 | -2.38 | -3.77 | 89 | .14 N | 16.8 | 21.0 | 7.5 | 19.8 | .26 | 1.4 | 02-10-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 6.00 | 5.50 | 5.50 | -.25 | -4.35 | 11.25 | 5.38 | -.43 | -1.29 | .10 | 19.32 | .17 | -.38 F | -69.0 | -4.0 | .7 | 32.4 | .10 | 1.8 | 01-24-84 | 333.5 | 2.2 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 8.50 | 7.75 | 7.75 | -.38 | -4.62 | 11.19 | 7.75 | -.14 | -2.16 | 3.32 | 43.33 | 53 | -.03 N | -4.9 | 8.0 | 4.6 | 13.4 | .16 | 2.1 | 01-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 6.13 | 4.50 | 5.63 | .88 | 18.42 | 8.38 | 3.50 | .97 | -1.95 | 1.92 | -5.89 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 8.38 | 7.13 | 7.88 | .25 | 3.28 | 11.88 | 5.38 | -.34 | 1.43 | 2.55 | -9.68 | .50 | .26 Q | 83.8 | 39.0 | 3.7 | 13.8 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.63 | 17.25 | 17.25 | -.13 | -.72 | 29.00 | 15.69 | .01 | -.46 | -5.92 | -10.95 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 32.5 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 15.75 | 13.00 | 15.50 | 1.75 | 12.73 | 18.38 | 13.00 | -.37 | 1.27 | 4.70 | -25.74 | 29 | .24 S | NC | 5.0 | 5.8 | 64.6 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 15.00 | 11.50 | 14.75 | 3.13 | 26.88 | 24.38 | 10.25 | .33 | 4.17 | 6.59 | -2.01 | .64 | -.01 S | -2.0 | -4.0 | 2.9 | 30.7 | .50 | 3.4 | 12-09-83 | 111.6 | 3.2 | [illegible] | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 25.88 | 24.38 | 25.00 | -.38 | -1.48 | 33.50 | 21.25 | .61 | .27 | .68 | -14.57 | 1.66 | -.53 F | -24.2 | 3.0 | 6.8 | 15.1 | .72 | 2.9 | 01-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 15.75 | 14.88 | 15.50 | .13 | .81 | 21.63 | 14.75 | -.38 | -.10 | -3.19 | -5.11 | 1.47 | .30 N | 21.4 | 27.0 | 3.8 | 9.1 | .20 | 1.3 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 20.88 | 16.25 | 16.25 | -4.63 | -22.16 | 22.13 | 14.53 | -.50 | -3.49 | -1.53 | -39.66 | .08 | .57 S | NC | 86.0 | 1.3 | 28.5 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 12.13 | 11.38 | 11.50 | -.88 | -7.07 | 18.75 | 10.88 | -.49 | -.36 | -3.20 | -20.73 | .26 | .14 N | 70.0 | 39.0 | 2.5 | 33.8 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 19.00 | 18.25 | 18.25 | -.25 | -1.35 | 27.34 | 15.75 | -.04 | -1.10 | 4.00 | -57.25 | .86 | .10 S | 12.5 | 25.0 | 4.4 | 20.3 | .14 | .8 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 33.75 | 32.00 | 33.25 | 1.25 | 3.91 | 39.25 | 29.00 | .12 | -.25 | -4.52 | 29.12 | 2.54 | .15 S | 5.8 | 12.0 | 3.8 | 12.3 | .72 | 2.2 | 03-06-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 15.63 | 14.50 | 14.63 | -.75 | -4.88 | 25.50 | 12.75 | -.07 | -.63 | -4.76 | -4.41 | .99 | .05 F | 5.3 | 58.0 | 6.8 | 14.8 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 19.88 | 18.88 | 19.75 | .63 | 3.27 | 28.75 | 18.13 | .08 | .74 | -3.48 | -57.18 | 1.62 | .22 Q | 15.0 | 24.0 | 10.2 | 11.8 | .28 | 1.4 | 11-01-83 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 11.00 | 9.13 | 10.75 | 1.25 | 13.16 | 13.13 | 9.00 | .06 | 4.53 | 1.99 | 33.22 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.50 | 1.38 | 1.38 | -.19 | -12.00 | 4.63 | 1.13 | -.67 | -2.22 | -5.74 | 1.63 | .05 | .05 N | NC | 81.0 | 6.5 | 27.5 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 25.88 | 24.00 | 25.00 | -1.13 | -4.31 | 32.94 | 15.41 | -.44 | .53 | 1.91 | 17.14 | 1.85 | .77 S | 51.3 | 25.0 | 3.7 | 11.0 | .40 | 1.6 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 5.63 | 4.00 | 5.50 | .00 | .00 | 15.88 | 4.00 | -.65 | 3.21 | 5.38 | -18.63 | -.48 | -.30 F | NE | 8.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.3 | -2.2 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.25 | 10.25 | 10.25 | .00 | .00 | 12.00 | 9.50 | -.12 | -.03 | -5.90 | -50.00 | -1.10 | -1.81 N | -161.6 | -30.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 50.38 | 47.50 | 49.00 | -1.25 | -2.49 | 60.25 | 47.00 | -.09 | .03 | -1.07 | -1.77 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 11.7 | 1.80 | 3.7 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 42.50 | 38.50 | 38.75 | -3.63 | -8.55 | 59.00 | 38.50 | -.36 | -.81 | -1.70 | 8.03 | 3.28 | .78 F | 31.2 | 12.0 | 7.8 | 11.8 | .90 | 2.3 | 03-12-84 | 1585.1 | 124.4 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 21.00 | 17.00 | 19.63 | -1.25 | -5.99 | 30.78 | 15.38 | .64 | 1.93 | 1.85 | 11.76 | 1.15 | .45 F | 64.2 | 106.0 | 4.0 | 17.1 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 7.00 | 6.00 | 6.00 | -1.00 | -14.29 | 10.75 | 6.00 | .13 | -2.17 | -1.76 | -23.08 | .00 | -.81 S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.00 | 37.50 | 39.00 | 1.50 | 4.00 | 40.00 | 29.00 | .69 | .36 | 3.59 | 33.33 | 2.94 | .81 Q | 35.3 | 57.0 | 6.2 | 12.6 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 14.25 | 12.75 | 14.00 | .75 | 5.66 | 23.00 | 12.50 | -.36 | -.20 | -5.95 | 13.87 | .92 | .94 S | 241.0 | 63.0 | 4.8 | 10.5 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | 4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 11.13 | 10.38 | 10.88 | .00 | .00 | 18.13 | 10.38 | -.94 | .33 | 2.27 | -15.22 | 1.00 | .05 S | 5.0 | 20.0 | 4.1 | 10.5 | .20 | 1.8 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 14.13 | 13.50 | 13.88 | .00 | .00 | 23.13 | 11.88 | -.02 | -.12 | -2.40 | -12.95 | 1.33 | -.07 S | -5.3 | 17.0 | 4.6 | 11.2 | .12 | .9 | 01-30-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.50 | 3.13 | 3.13 | -.38 | -10.71 | 10.75 | 3.13 | -.72 | -1.96 | -.14 | 17.86 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 7.25 | 6.13 | 7.13 | .75 | 11.76 | 18.75 | 6.13 | -.50 | 1.83 | -2.36 | 1.86 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 71.3 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 23.50 | 20.75 | 22.63 | 1.63 | 7.74 | 43.75 | 18.75 | .09 | .32 | -3.12 | 25.84 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 14.8 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 33.63 | 31.63 | 32.50 | -.75 | -2.26 | 39.75 | 28.00 | -.10 | -.46 | .61 | 11.24 | 1.53 | .22 S | 15.3 | 27.0 | 9.8 | 19.7 | .60 | 1.8 | 03-05-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.25 | 12.13 | 12.13 | .00 | .00 | 15.13 | 11.13 | -.03 | -.34 | -6.56 | -17.65 | 1.28 | .13 N | 10.6 | 6.0 | 6.1 | 9.0 | .25 | 2.1 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 64.25 | 59.50 | 63.00 | 3.00 | 5.00 | 81.00 | 58.50 | -.24 | .23 | 2.89 | -26.49 | 4.15 | .71 F | 20.6 | 37.0 | 3.8 | 15.2 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 67.00 | 63.75 | 65.88 | .38 | .57 | 74.38 | 55.75 | -.04 | -.34 | -.07 | 6.44 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 11.5 | 1.00 | 1.5 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 14.63 | 13.88 | 14.38 | .25 | 1.77 | 21.06 | 13.13 | -.05 | -.29 | -5.85 | 11.00 | 1.34 | .19 S | 15.4 | 13.0 | 4.5 | 10.1 | .40 | 2.8 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 3.00 | 2.25 | 2.25 | -.63 | -21.74 | 3.50 | 2.25 | .41 | -5.85 | .81 | 27.46 | .15 | .49 Q | NE | -25.0 | 1.1 | 15.0 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 2.00 | 2.13 | .25 | 13.33 | 3.63 | 1.66 | -.82 | -.30 | -2.04 | -4.76 | .09 | .12 N | 120.0 | 25.0 | 1.1 | 9.7 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.75 | 8.38 | 9.25 | .75 | 8.82 | 32.75 | 8.00 | -.31 | .34 | -.97 | -1.18 | .70 | -.10 S | -13.3 | 59.0 | 3.6 | 14.2 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 18.25 | 17.50 | 18.25 | .25 | 1.39 | 20.00 | 14.00 | .07 | 1.23 | 3.85 | .00 | .84 | .15 F | 21.7 | -10.0 | .3 | 21.7 | .32 | 1.8 | 12-08-83 | 160.4 | .5 | .7 | 7.17 | 14.49 | 0983 |
| Peoples Rest | PEPL | 3.38 | 2.00 | 2.25 | -1.13 | -33.33 | 15.13 | 2.00 | -2.35 | -7.41 | 1.06 | -4.35 | .28 | .04 S | 22.2 | 99.0 | 7.5 | 10.2 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 20.25 | 18.00 | 18.25 | .25 | 1.39 | 20.25 | 12.75 | .58 | -2.54 | 5.68 | -26.70 | .99 | -.43 S | -33.0 | 2.0 | 3.9 | 21.0 | .60 | 3.3 | 03-09-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 10.50 | 9.25 | 10.38 | .88 | 9.21 | 17.50 | 9.00 | -.30 | .09 | -1.76 | -11.76 | 1.16 | .61 F | 110.9 | 23.0 | 2.4 | 8.9 | .08 | .8 | 01-10-84 | 148.9 | 3.6 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKYQ | 2.13 | 1.75 | 1.88 | -.13 | -6.25 | 26.00 | 1.50 | -4.15 | -3.04 | -4.05 | 31.71 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 13.00 | 12.75 | 12.75 | -.13 | -.97 | 16.75 | 12.75 | -.30 | -.33 | 1.68 | 29.55 | .37 | .41 Q | NC | 4.0 | 1.9 | 31.1 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 22.38 | 19.88 | 21.88 | 1.88 | 9.38 | 25.25 | 16.00 | -.12 | 1.78 | 1.82 | -12.27 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 18.5 | .40 | 1.8 | 03-02-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 8.13 | 7.63 | 7.88 | -.13 | -1.56 | 11.88 | 6.88 | .00 | -.04 | -5.22 | -8.59 | .13 | .86 F | NE | -24.0 | .7 | 60.6 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 15.00 | 14.50 | 14.50 | -.25 | -1.69 | 23.25 | .00 | -.49 | -.86 | 1.35 | -5.31 | .57 | .63 Q | NC | 57.0 | 3.8 | 23.0 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.38 | 7.00 | 7.25 | -.13 | -1.69 | 11.38 | 7.00 | -.08 | -.44 | -1.23 | 20.45 | .88 | .10 F | 12.8 | 31.0 | 1.9 | 8.2 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 17.75 | 16.75 | 17.25 | .50 | 2.99 | 28.25 | 15.50 | -.11 | -.60 | 4.53 | -6.23 | .52 | .20 F | 62.5 | 86.0 | 10.8 | 33.2 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 28.00 | 25.88 | 27.38 | 1.00 | 3.79 | 40.25 | 24.63 | -.24 | -.26 | 3.22 | -12.37 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 12.1 | .44 | 1.6 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 9.75 | 9.00 | 9.00 | -.75 | -7.69 | 15.50 | 9.00 | -.76 | -1.36 | -9.63 | -5.17 | .70 | -.18 S | -23.6 | 17.0 | 4.5 | 15.5 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.25 | 7.88 | 8.00 | -.13 | -1.54 | 15.00 | 7.50 | -.52 | .12 | -1.53 | 35.81 | .23 | -.12 F | -34.2 | 5.0 | 1.2 | 34.8 | .00 | .0 | 06-02-81 | 73.0 | .9 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 15.25 | 14.75 | 15.00 | .25 | 1.69 | 18.00 | 13.50 | .34 | -.02 | 1.39 | 17.65 | 1.19 | .51 F | 75.0 | 17.0 | 2.5 | 12.6 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.63 | 22.75 | 23.63 | .75 | 3.28 | 27.38 | 20.00 | .03 | .34 | -2.36 | -24.21 | 1.17 | .26 Q | 26.8 | 35.0 | 6.0 | 19.2 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 14.50 | 13.75 | 14.25 | .13 | .89 | 20.50 | 13.75 | -.22 | -.57 | 1.08 | -1.21 | 1.24 | 1.24 F | NC | 18.0 | 3.4 | 11.5 | .00 | .0 | 00-00-00 | 143.1 | 4.9 | .5 | 9.92 | 5.31 | 1282 |
| Sizzler Rest Intl | SIZZ | 10.25 | 9.25 | 9.50 | -.25 | -2.56 | 16.25 | 8.75 | -.30 | .27 | 1.22 | -32.94 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 9.1 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.75 | 9.25 | 9.75 | .50 | 5.41 | 15.50 | 9.00 | -.13 | 1.06 | 4.49 | -7.08 | .81 | .14 Q | 20.8 | 26.0 | 4.0 | 12.0 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 18.00 | 17.50 | 18.00 | .50 | 2.86 | 22.00 | 16.50 | .10 | -.05 | 3.95 | .00 | 1.02 | .65 F | 175.6 | -6.0 | 2.3 | 17.6 | .26 | 1.4 | 10-05-83 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.50 | 4.25 | 4.50 | .25 | 5.88 | 7.50 | 3.88 | .22 | .07 | -3.72 | 14.04 | .27 | .05 N | 19.2 | 75.0 | 3.8 | 14.5 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 7.25 | 6.00 | 6.25 | -1.25 | -16.67 | 10.00 | 5.63 | -.84 | -3.49 | -5.16 | 49.33 | .29 | .07 Q | 31.8 | 67.0 | 2.1 | 21.6 | .00 | .0 | 05-17-79 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF Texas | TEXF | 3.75 | 3.75 | 3.75 | .00 | .00 | 7.50 | 3.75 | -.06 | .00 | -3.57 | -2.78 | .02 | .05 N | NC | 58.0 | .0 | 75.0 | .00 | .0 | 00-00-00 | 4.8 | .0 | .5 | 3.50 | -.17 | 1282 |
| Victoria Stations | VSTA | 7.75 | 6.75 | 6.88 | -.75 | -9.84 | 13.63 | 5.38 | 1.04 | -2.28 | 2.12 | -24.85 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 14.75 | 13.25 | 14.25 | 1.00 | 7.55 | 16.50 | 10.78 | -.21 | .25 | -.42 | 2.94 | 1.01 | .17 F | 20.2 | 20.0 | 7.7 | 14.1 | .24 | 1.7 | 03-14-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 9.50 | 9.25 | 9.25 | -.25 | -2.63 | 17.50 | 9.25 | -.12 | -.03 | -3.55 | -17.53 | .92 | -.07 N | -6.1 | 7.0 | 3.1 | 8.7 | .16 | 1.7 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 9.63 | 9.00 | 9.25 | .13 | 1.37 | 17.13 | 8.75 | -.96 | -.44 | -.07 | 9.02 | .63 | .00 F | .0 | 9.0 | 3.3 | 14.7 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Marriott 1st-qtr. net profit jumps 19.8% to $23 million

WASHINGTON—Marriott Corp., with its key divisions showing strong performances, posted a net profit of $23 million for the first quarter of fiscal 1984 ended March 23, a 19.8% increase over last year's first quarter.

Revenue for the quarter rose 17% over year-earlier results, from $635 million to $743.9 million.

Company president J. W. Marriott Jr. cited continued growth in the United States economy as a major factor in the first-quarter performance of Marriott's three primary divisions—lodging, contract food service and restaurants.

The company's hotels and resorts, for example, posted a 17% increase in operating income on a 21% sales gain over last year's first quarter. Stronger demand plus the addition of 16 hotels and the expansion of six others contributed to the strong showing, according to a company source.

In the contract food-service division, operating income was up 18% over 1983's first quarter, while sales rose by 14%. Results benefited from expansion of catering services to existing airline customers at several additional stations, the source said.

Marriott's restaurants experienced the largest gain in operating income for the quarter, up 26% over 1983 results, while sales for the division jumped 16%. Aggressive promotion and the addition of 87 units in the past year at the company's Roy Rogers, Bob's Big Boy and Host specialty restaurants were the major factors, the source said.

# W. R. Grace restaurants record $9.2M '83 profit

NEW YORK—Restaurant operations at W. R. Grace & Co. yielded after-tax operating profit of $9.2 million for the year ended Dec. 31, an 8% gain over 1982.

Sales rose 12% to $710 million.

The chemical conglomerate finished the year with 586 restaurants, down from 625 in 1981. They accounted for 3% of Grace's after-tax operating profit and 11% of its sales.

Grace's restaurant holdings include 266 dinnerhouses, mostly Houlihan's and El Torito, 194 Coco's and Jojo's coffee shops, and 126 fast-food outlets, all but a handful of them Del Tacos.

Grace's newest concepts include two dinnerhouses, Gladstone's 4 Fish and R.J.'s-The Rib Joint, and an upscaled fast-food burger chain called T. J. Applebee's. Meanwhile, its Del Taco units getting a facelift and being rechristened Del Taco Mexican Cafes.

Grace sold 27% of El Torito in an initial public stock offering in January.

The division spent $12 million of its $55 million capital spending budget last year on converting and renovating restaurants.

# *Family Entertainment $3 million in red*

ROCKVILLE, Md.—Family Entertainment Centers, a 14-unit Pizza Time Theater franchisee, reported that it lost $3.1 million in the fiscal year ended Jan. 1. The company made a $15,000 profit in the previous fiscal year.

Total sales increased 66% to $20.3 million because of unit additions, but the increase wasn't great enough to offset an 18% decline in average weekly sales at the Chuck E. Cheese pizza-and-games centers.

The poor results at Family Entertainment Centers reflect severe financial problems that the California-based franchisor is having. Pizza Time recently filed for protection from creditors under Chapter 11 of the Federal bankruptcy code.

Commenting on Pizza Time's troubles, Family Entertainment chairman Patrick A. Hopf said, "The company does not believe this will have an adverse effect on us, because as a large independent franchisee, we have been diligently preparing for this possibility. We are taking aggressive actions to innovate in our restaurants and thereby improve sales.

This company is pinning much of its hopes on other restaurant concepts, such as G. D. Ritzy's.

Meanwhile, Family Entertainment has undertaken steps in recent months to improve its cash flow, and Hopf indicated that these have begun to show results.

First of all, the company won an agreement with its banks for a six-month moratorium on principal payments. Second, Pizza Time has agreed to permanently reduce the franchise fee from 6% of sales to 4%. Hopf said this would increase cash flow by about $300,000 a year. Third, general and administrative expenses have been reduced about 40%.

The company is continuing negotiations to sell some of its Chuck E. Cheese centers and to convert some into the other restaurant concepts.

However, Family Entertainment had to scale down its plans for G. D. Ritzy's because of the franchisor's concern that Zachary's would directly compete with Ritzy's.

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## Carter Hawley, N-M fight proposed $1B takeover by Limited

COLUMBUS, Ohio—Carter Hawley Hale stores—whose retail interests include Neiman-Marcus, Bergdorf Goodman and Waldenbooks—is attempting to stave off a takeover attempt by The Limited Inc., a giant retailer headquartered here. It is not known how the proposed $1.1 billion acquisition would affect the food-service divisions of either Neiman-Marcus or Carter Hawley Hale.

In an effort to foil the $30-a-share bid by Limited Inc., Carter Hawley Hale last week purchased more than 25% or 10 million of its common shares outstanding and sold a new issue of convertible preferred stock to General Cinema Corp. for $300 million. The transaction, which may violate New York Stock Exchange and Security and Exchange Commission rules, gave the Newton, Mass.-based soft drink bottler and motion picture chain 22% of Carter Hawley Hale's voting rights.

Should The Limited takeover eventually take place, it would greatly improve the high-fashion retailer's standing. The company currently owns about 590 clothing stores for younger women as well as the Lane Bryant stores and catalog operations, which specialize in large-size women's apparel.

The Limited made a tender offer for 53.6% of Carter Hawley Hale's common stock, or 20.3 million shares, at $30-a-piece. The outlay would amount to more than $600 million in cash.

# Piccadilly Cafeterias net up 237% to $2.2 million

BATON ROUGE, La.—Piccadilly Cafeterias reported net profit of $2.2 million for the third quarter ended March 31, a 237% gain from the same quarter last year.

Sales rose 19% to $42.9 million.

Last year's third quarter included a $765,000 write-down on marketable securities. But without the write-down improved customer counts and operating margins still would have boosted this year's net by 50%, the company said.

Nine-month net rose 15% to $5.9 million and sales advanced 13% to $128.4 million.

Piccadilly runs 92 cafeterias in 13 Sunbelt states. New units opened in the third quarter in Montgomery, Ala., Marietta, Ga., and Richmond, Va. One more is due in Deerfield Beach, Fla., by year's end.

# *Pillsbury restaurants key profit rise*

MINNEAPOLIS—A strong performance by Burger King, Bennigan's and Steak & Ale helped Pillsbury post a 24% rise in net profit to $36 million on a 15% sales increase to $1 billion in the third quarter ended Feb. 29 compared to the year-earlier period.

Burger King profits increased 15% in the quarter and sales and profits at S&A Restaurant Corp., which includes Steak & Ale and Bennigan's, were up as well.

Pillsbury does not break out sales and profits figures for its various business groups.

## *EARNINGS REPORT*

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| ARA Services | 3 mos. | 12/30 | | | $843.000 | 13.0 | $ 16.000 | 16.0 |
| Associated Hosts | 3 mos. | 12/29 | | | 22.800 | 11.0 | 0.794 | 85.0 |
| Benihana National | 12 mos. | | $ 20.000 | | | | 1.400 | |
| Big Bite | 3 mos. | 9/30 | | | 4.700 | | – 5.500 | |
| El Chico | 3 mos.<br>9 mos. | 2/10 | 17.100<br>52.400 | 13.0<br>17.0 | | | 0.780<br>2.600 | |
| Esteban's Mexican Foods | 12 mos.<br>3 mos. | 12/31 | <br>2.890 | <br>42.0 | 10.500 | 52.0 | 0.416<br>0.009 | |
| Family Entertainment Cent. | 12 mos. | 1/1 | 20.300 | 66.0 | | | – 3.100 | |
| Greyhound | 3 mos.<br>12 mos. | | | | 432.200 | 23.5 | 24.200<br>105.000 | 2.5<br>2.4 |
| Southern Hospitality | 3 mos.<br>9 mos. | 2/29 | 8.000<br>25.600 | 36.3<br>36.4 | | | 0.190<br>0.792 | 4.4<br>32.9 |
| Int'l Dairy Queen | 12 mos.<br>3 mos. | 11/30 | | | 99.300<br>23.500 | 17.5<br>19.5 | 7.200<br>0.982 | 16.7<br>11.7 |
| Marriott | 3 mos. | 3/23 | | | 743.000 | 17.0 | 23.000 | 19.8 |
| Max & Erma's Restaurants | 3 mos. | 2/19 | | | 5.500 | 18.0 | – 0.114 | |
| Morrison | 3 mos.<br>9 mos. | 2/25 | | | 114.300<br>341.200 | 10.0<br>10.0 | 4.500<br>14.300 | 0.0<br>9.0 |
| Noble Roman's | 12 mos. | 12/31 | 29.000 | 12.0 | 11.600 | 18 0 | 0.347 | 18.0 |
| Pancho's Mex. Buffets | 3 mos. | 12/31 | | | 6.900 | 16.0 | 0.206 | 20.0 |
| Penn-Tide | 12 mos. | 9/30 | 3.700 | 64.0 | | | 0.168 | 516.0 |
| Piccadilly Cafeterias | 3 mos.<br>9 mos. | 3/31 | 42.900<br>128.400 | 19.0<br>13.0 | | | 2.200<br>5.900 | 237.0<br>15.0 |
| Pillsbury | 3 mos. | 2/29 | 1,000.000 | 15.0 | | | 36.000 | 24.0 |
| Saga Corp. | 3 mos. | 3/24 | | | 284.000 | 10.0 | 8.200 | 33.0 |
| Taco Villa | 12 mos. | | | | 25.600 | 2.0 | 1.100 | 95.0 |
| Vie de France | 6 mos. | 12/11 | | | 24.200 | 32.0 | 2.400 | 32.0 |
| Western Steer | 3 mos.<br>9 mos. | 11/4 | | | 9.020<br>24.700 | 28.0<br>25.0 | 0.494<br>0.949 | 65.0<br>44.0 |
| W. R. Grace | 12 mos. | 12/31 | 710.000 | 12.0 | | | 9.200 | 8.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

**Complete NRA Show schedule—Pp. 15-20**
**First look at the World's Fair—Pp. 76-83**

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# Operators ride the economic upturn

## *Chains' rebound tempered by new consumer challenges*

**By Joe Edwards**

Shifting consumer tastes and dramatic lifestyle changes are having a profound and perhaps lasting impact on all food-service segments, according to chain officials, unit operators and industry observers.

Meanwhile, a recovery from the recession is proceeding in earnest. Fast-food burger, pizza, chicken, seafood and taco chains report substantial gains in sales and customer traffic since last summer, led by the Big Three burger chains—McDonald's, Burger King and Wendy's.

But signs of recovery in other segments are much less impressive. Consumer price resistance is one culprit holding back dinnerhouses and casual theme restaurants. Fast-food gains may be coming at the expense of coffee shops, family restaurants and budget steakhouses. Hotel occupancy rates and room sales are flat and contract feeding business remains soft.

Operators hearing that interest rates will probably climb in the second half of 1984 and that inflation and unemployment may rise after the November presidential election, are concerned that the current boom will be short-lived. They are taking steps to protect themselves in 1985 and beyond.

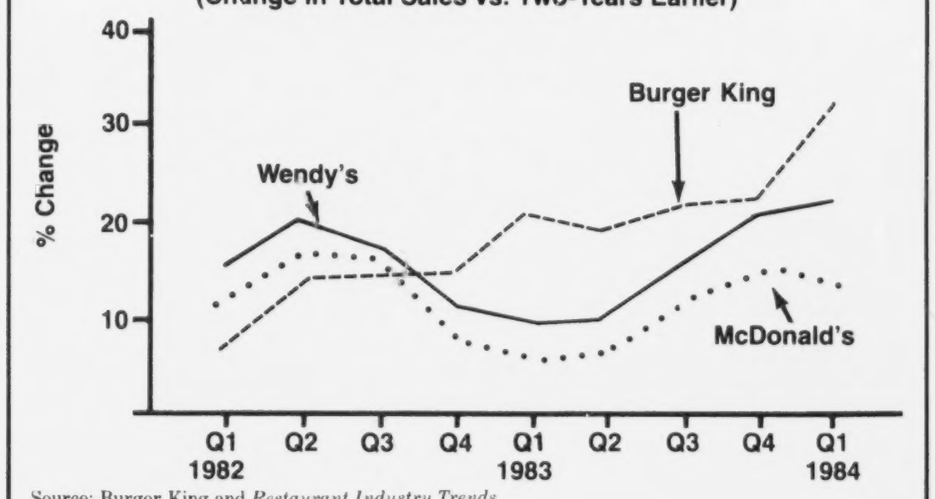
Many food-service companies are diversifying, trying to build additional dayparts for existing operations and concentrating on niche marketing—positioning themselves for a specific target audience.

While such strategies are business decisions based on the need for strict asset manage-

*(Continued on page 152)*

**ESTIMATED CHANGES IN SALES AT BIG THREE BURGER CHAINS**

(Change In Total Sales vs. Two-Years Earlier)




Source: Burger King and *Restaurant Industry Trends*

## *Independents widen search for unique taste experiences*

**By Roman Czajkowsky**

Taking a page from the fast-food chains, independent restaurant operators are rapidly segmenting their market. But while the chains are merchandising traditional fare mostly by going a bit more upscale, independents are going after the money with a variety of foods and cooking techniques inaccessible to the average consumer until recently.

Conduct a survey, pick up a food magazine, drop by a gathering of restaurateurs, and what you're likely to hear or read about is the latest entry into the mesquite-grilling fad, the newest nouvelle American upstart, the most definitive Cajun cookery, the trendiest regional Italian eatery, the freshest, lightest, most health-conscious cuisine.

In fact, for an industry whose raison d'etre is food—or specifically, the service of food—it's a bit ironic that much of its focus these days is on food.

It was only recently that much of the talk dwelled on finances and finding the means and ways of surviving a recession. Now, with the nation's economy on the rebound and consumers willing to spend a few extra bucks on food away from home, independents are scrambling to find new ways of getting their share of the windfall.

Many are discovering that there's nothing better to beat the competition with than to offer foods that satisfy the ever-growing demand for new taste experiences, or that reflect changing lifestyles with their emphasis on healthy living and eating.

*(Continued on page 152)*

## *Full-force recovery opens untapped growth channels*

**By Rick Telberg**

The food-service industry's belated economic recovery is surging full-force, quickening sales, fattening margins and unbridling desperately needed expansion funds.

Restaurant executives appear to be racing madly to develop new concepts and update old ones before a like-minded and similarly well-endowed army of competitors.

Despite a kick upward in interest rates and a skittish stock market through the first part of the year, 1984 offers the best economic environment restaurateurs have enjoyed in perhaps five years.

But lurking over the horizon, under the shadow of a huge Federal deficit, may be renewed rounds of inflation, unemployment and higher interest rates.

That dark tremor is adding urgency to spending schedules because restaurateurs know as well as any businessman: Booms go bust.

*(Continued on page 152)*

The name's the game at Diversifoods

# *Don Smith pulling together the pieces for a 'revolution'*

**By Charles Bernstein**

ITASCA, Ill.—Diversifoods, the new company created by a merger of Chart House and Godfather's Pizza, hopes to revolutionize the industry with five separate chain spearheads each handling a different market segment and others on the drawing boards.

But whether Donald N. Smith, who moved over from PepsiCo food-service division president (Pizza Hut and Taco Bell) a year ago as Chart House (now Diversifoods) ceo, and his new management team can do it is a matter of conjecture at this early stage.

Their universe today consists of Godfather's Pizza, the No. 2 pizza chain well behind Pizza Hut in total volume, putting on a major national drive with a late rollout of deep-dish pan pizza; Luther's Barbecue, uniquely positioned within its market; Moxie's, a "new" form of the gourmet hamburger craze; the largest Burger King franchise, centered in Illinois; Chart House dinnerhouses, with their individual images in prime locations; three Chicago locations for planned bakery-cafes, and ideas for possible pasta and other chains which may be acquired.

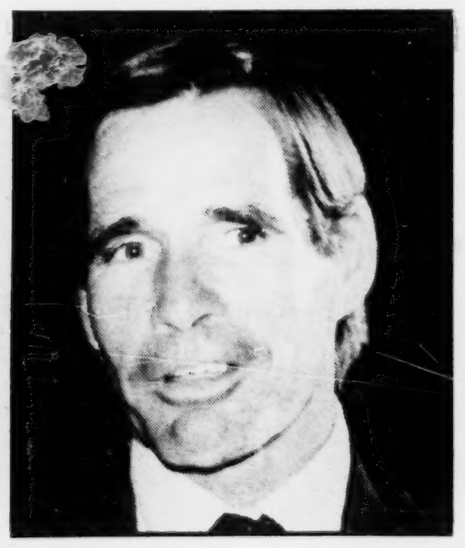
The bottom line on all the plans, outlined in discussions and interviews at the new corporate headquarters in this Chicago suburb, well may be that two or three of the chains could emerge as the entire backbone of the company. Five can be too many and may only serve to divert the financial and personnel resources of the company away from concentrated efforts required to succeed in their highly competitive markets.

Yet Willie Theisen, Godfather's founder, who now holds over $150 million worth of Diversifoods stock and is corporate vice chairman under president and ceo Smith, put it in perspective when he declared: "If anybody can accomplish this tough mission, this new team can do it."

Smith, who appears well-set for the long haul here with a package that could exceed $1 million a year if he attains certain earnings per share goals, and his staff of five chain presidents bring a totally new atmosphere to Chart House Inc.,

*(Continued on page 152)*

**Donald N. Smith**
*president, ceo*



**John Creed**
*Chart House founder*

## LATE NEWSBREAKS

**McDonald's has expanded a test of made-from-scratch biscuits to 1,500 restaurants. The biscuits, which are used for breakfast sandwiches in parts of the Midwest and Southeast, are cooked in convection ovens.**

**ShowBiz Pizza Place, scheduled by parent Brock Hotels for spinoff through an impending public offering, is restructuring by switching 20 units to a new Brock subsidiary for conversion to concepts that include "adult watering holes" in a joint project with Dallas-based McFaddin Ventures.**

**Jacques Bourgeois has been named operations vp for Stouffer Hotel Co., responsible for company lodging operations in California, Colorado and Hawaii. He was formerly a Westin Hotels vp and held key f&b posts with that chain.**

**Hilton Hotels and Las Vegas' largest striking culinary union have settled a bitter 32-day strike, sending 3,000 workers back to jobs in Hilton's two hotels.**

- ***NRN* Fine Dining Hall of Fame**
- **Annual Chicago market study**

SPECIAL SECTION-TWO INDEX APPEARS ON PAGE 2

FINANCIAL NEWS

# Playboy leads $137M N.J. casino surge

ATLANTIC CITY—Despite stormy weather that shook the New Jersey coast, the nine gambling casinos here scored heavily at the gaming tables during the month of March. Winnings for the month jumped 12.8% over year-earlier figures, from $136.9 million to $154.6 million.

At the head of the surge were the Playboy Hotel & Casino with a gain of 42.5% and Ramada Inn's Tropicana, which posted an increase in winnings of 42.4% for the month. Strong performances were also turned in by Caesar's Boardwalk Regency, up 24.5%, and Claridge Hi-Ho, with a gain of 21.2%.

In fact, with the "table drop" (the amount of money patrons pay for chips) up significantly, only one casino, the Golden Nuggett, posted a decrease in winnings for the month of March, falling 16.3% behind last year's numbers.

Citing "bad luck" as the cause for the casino's poor showing, Hank Applegate, Golden Nuggett's senior vice president for finance and administration, pointed out a 19% increase in "table drop" and increased patronage as signs that the casino is doing more business than last year.

However, he stressed, Golden Nugget's "hold percentage" (the portion of money a casino keeps from the money patrons exchange for chips) was only 14.2% for March compared to an average of nearly 17% for the other eight Atlantic City casinos. In March of 1983, he said, Golden Nuggett's "hold percentage" was a whopping 22.8%, much higher than the average.

Casino winnings are calculated before taxes, wages and other expenses are deducted and are comparable to a company's revenue.

## Luby's 2nd-qtr. net up 21% to $3.6M

SAN ANTONIO—Luby's Cafeterias Inc. posted $3.6 million in net profit for the second quarter ended Feb. 29, a 21% gain over last year's second quarter.

Second-quarter revenue rose 20% to $40 million.

On Jan. 1 Luby's purchased seven cafeterias which the company had managed for 15 years.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended May 4 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | Latest P/E Ratio | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | | Amt. | Yield | | Revenue | Earnings | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 7.38 | 7.00 | 7.38 | .38 | 5.36 | 8.75 | .00 | .46 | .71 | -7.40 | 3.47 | .40 | .40 F | NC | 10.0 | 4.3 | 18.4 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.13 | 4.00 | 4.00 | -.13 | -3.03 | 7.25 | 4.00 | -.65 | .00 | 1.98 | -20.31 | -2.05 | -2.13 Q | -775.0 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Am Motor Inns | INN | 30.50 | 28.63 | 29.75 | 1.00 | 3.48 | 38.50 | 28.63 | -.06 | -.13 | 1.32 | -14.33 | 2.52 | .55 S | 24.3 | 42.0 | 8.6 | 10.6 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 45.00 | 40.75 | 44.50 | 3.75 | 9.20 | 55.25 | 40.25 | -.06 | .62 | -1.79 | -5.59 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 9.9 | 2.10 | 4.7 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 14.25 | 12.38 | 13.25 | 1.00 | 8.16 | 18.50 | 10.50 | .01 | .41 | -5.01 | -11.87 | .72 | .45 Q | 128.5 | -1.0 | 3.6 | 16.6 | .12 | .9 | 03-06-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 4.00 | 3.25 | 3.50 | -.38 | -9.68 | 9.25 | 3.13 | -.43 | -1.45 | -1.17 | 13.41 | -1.30 | -2.34 Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 19.00 | 18.00 | 18.00 | -1.25 | -6.49 | 26.81 | 17.25 | -.01 | -1.16 | 1.30 | -15.58 | .89 | .14 N | 16.8 | 21.0 | 7.5 | 18.6 | .26 | 1.4 | 05-07-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.75 | 5.38 | 5.50 | .00 | .00 | 11.25 | 5.38 | -.29 | .00 | -.55 | 2.31 | .17 | -.38 F | -69.0 | -4.0 | .7 | 32.4 | .10 | 1.8 | 04-17-84 | 333.5 | 2.2 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 8.75 | 7.50 | 8.50 | .75 | 9.68 | 11.19 | 7.50 | -.02 | .94 | -.64 | -37.34 | .53 | -.03 N | -4.9 | 8.0 | 4.6 | 14.7 | .16 | 1.9 | 04-25-84 | 30.2 | 1.4 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 5.38 | 4.75 | 5.38 | -.25 | -4.44 | 8.38 | 3.50 | .36 | 2.71 | -.82 | 12.40 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.38 | 7.63 | 9.25 | 1.38 | 17.46 | 11.88 | 5.81 | .37 | 1.43 | -.15 | -32.78 | .50 | .26 Q | 83.8 | 99.0 | 3.7 | 16.2 | .05 | .5 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.38 | 16.50 | 16.88 | -.38 | -2.17 | 29.00 | 16.00 | -.22 | -.34 | -1.77 | -11.88 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 31.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 15.50 | 15.00 | 15.00 | -.50 | -3.23 | 18.38 | 13.00 | .01 | -.13 | -1.61 | -42.72 | .29 | .24 S | NC | 5.0 | 5.8 | 62.5 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 14.75 | 13.38 | 13.50 | -1.25 | -8.47 | 24.38 | 10.25 | .62 | .05 | -1.08 | 3.60 | .64 | -.01 S | -2.0 | -4.0 | 2.9 | 28.1 | .50 | 3.7 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 28.00 | 25.25 | 26.13 | 1.13 | 4.50 | 33.50 | 21.25 | .42 | -.23 | .58 | 9.53 | 1.66 | -.53 F | -24.2 | 3.0 | 6.8 | 15.7 | .72 | 2.8 | 01-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 16.63 | 15.00 | 16.13 | .63 | 4.03 | 21.63 | 14.75 | -.07 | 2.22 | 6.24 | -1.77 | 1.47 | .30 N | 21.4 | 27.0 | 3.8 | 9.5 | .20 | 1.2 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 18.00 | 17.13 | 18.00 | 1.75 | 10.77 | 22.13 | 14.53 | -.94 | .02 | .89 | 1.84 | .08 | .57 S | NC | 86.0 | 1.3 | 31.6 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 13.13 | 11.38 | 12.75 | 1.25 | 10.87 | 18.75 | 10.88 | -.10 | -.40 | -3.72 | -13.05 | .26 | .14 N | 70.0 | 39.0 | 2.5 | 37.5 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 18.75 | 18.25 | 18.50 | .25 | 1.37 | 27.34 | 15.75 | -.24 | .21 | -2.15 | -29.06 | .86 | .10 S | 12.5 | 25.0 | 4.4 | 20.6 | .14 | .8 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 35.38 | 33.13 | 34.88 | 1.63 | 4.89 | 39.25 | 29.00 | .14 | -.04 | .96 | 17.67 | 2.54 | .15 S | 5.8 | 12.0 | 3.8 | 12.9 | .72 | 2.1 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Divfood | DFDI | 16.75 | 14.50 | 16.25 | 1.63 | 11.11 | 24.38 | 12.75 | -.01 | -.47 | 1.39 | 7.97 | .99 | .05 F | 5.3 | 58.0 | 6.8 | 16.4 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 22.63 | 19.75 | 22.63 | 2.88 | 14.56 | 28.75 | 18.13 | .52 | 1.13 | 1.68 | -33.41 | 1.62 | .22 Q | 15.0 | 24.0 | 10.2 | 13.5 | .28 | 1.2 | 05-07-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 12.13 | 10.63 | 11.63 | .88 | 8.14 | 13.13 | 9.00 | .73 | -.05 | 3.03 | -31.78 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.63 | 1.44 | 1.50 | .13 | 9.09 | 4.63 | 1.13 | -.44 | -.81 | .73 | -9.00 | .05 | .05 N | NC | 81.0 | 6.5 | 30.0 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 25.63 | 24.75 | 24.88 | -.13 | -.50 | 32.94 | 16.47 | -.67 | .22 | -3.84 | 21.57 | 1.85 | .77 S | 51.3 | 25.0 | 3.7 | 11.0 | .40 | 1.6 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 5.63 | 4.88 | 5.13 | -.38 | -6.82 | 15.88 | 4.00 | -.57 | .25 | -1.67 | -15.74 | -.48 | -.30 F | NE | 8.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.3 | -2.2 | 1.1 | .52 | 4.10 | 1282 |
| Hambrg Hamlet | HAMB | 10.25 | 9.75 | 9.75 | -.50 | -4.88 | 12.00 | 9.50 | -.19 | -.96 | 12.63 | 5.00 | -1.10 | -1.81 N | -161.6 | -30.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 50.88 | 48.13 | 49.75 | .75 | 1.53 | 60.25 | 47.50 | -.39 | .90 | .71 | 40.24 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 11.8 | 1.80 | 3.6 | 02-27-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 44.50 | 38.25 | 42.25 | 3.50 | 9.03 | 59.00 | 38.25 | -.21 | -.14 | .74 | -16.01 | 3.28 | .78 F | 31.2 | 12.0 | 7.8 | 12.9 | .90 | 2.1 | 03-12-84 | 1585.1 | 124.4 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 19.88 | 17.63 | 18.38 | -1.25 | -6.37 | 30.78 | 15.38 | -.29 | .14 | -4.24 | 10.88 | 1.15 | .45 F | 64.2 | 106.0 | 4.0 | 16.0 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 6.75 | 6.00 | 6.50 | .50 | 8.33 | 10.75 | 6.00 | -.54 | .49 | -.37 | -45.25 | .00 | -.81 S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 40.00 | 40.00 | 40.00 | 1.00 | 2.56 | 40.00 | 29.50 | .52 | .05 | 1.90 | -72.31 | 2.94 | .81 Q | 35.3 | 57.0 | 6.2 | 12.9 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 16.50 | 14.00 | 16.25 | 2.25 | 16.07 | 23.00 | 12.50 | .32 | .20 | 4.52 | -33.53 | .92 | .94 S | 241.0 | 63.0 | 4.8 | 12.2 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 11.88 | 10.50 | 11.88 | 1.00 | 9.20 | 18.13 | 10.38 | -.37 | 1.39 | -3.12 | -2.45 | 1.00 | .05 S | 5.0 | 20.0 | 4.1 | 11.4 | .20 | 1.7 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 13.88 | 13.00 | 13.50 | -.38 | -2.70 | 23.13 | 11.88 | -.22 | .71 | .75 | -67.83 | 1.33 | -.07 S | -5.3 | 17.0 | 4.6 | 10.9 | .12 | .9 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.38 | 2.88 | 3.13 | .00 | .00 | 10.75 | 2.88 | -.75 | -.41 | -3.65 | 27.94 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 7.13 | 6.50 | 6.50 | -.63 | -8.77 | 18.75 | 6.13 | -.13 | -1.62 | -4.58 | 30.90 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 65.0 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 25.25 | 22.38 | 24.75 | 2.13 | 9.39 | 43.75 | 18.75 | .76 | .68 | -3.55 | 7.71 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 16.2 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 33.38 | 31.75 | 32.00 | -.50 | -1.54 | 39.75 | 29.38 | -.29 | .21 | 4.43 | -16.84 | 1.53 | .22 S | 15.3 | 27.0 | 9.8 | 19.4 | .60 | 1.9 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.25 | 12.13 | 12.25 | .13 | 1.03 | 15.13 | 11.38 | .01 | .34 | -3.59 | 48.81 | 1.28 | .13 N | 10.6 | 6.0 | 6.1 | 9.1 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 66.00 | 62.25 | 64.63 | 1.63 | 2.58 | 81.00 | 58.50 | .12 | -.07 | -1.76 | 28.75 | 4.15 | .71 F | 20.6 | 37.0 | 3.8 | 15.6 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 68.50 | 64.38 | 66.75 | .88 | 1.33 | 74.38 | 55.75 | -.07 | -.03 | .43 | -9.36 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 11.6 | 1.00 | 1.5 | 01-24-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 14.63 | 13.88 | 14.00 | -.38 | -2.61 | 21.06 | 13.13 | -.33 | -.99 | -1.65 | 22.48 | 1.34 | .19 S | 15.4 | 13.0 | 4.5 | 9.9 | .40 | 2.9 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.75 | 2.25 | 2.75 | .50 | 22.22 | 3.50 | 2.25 | -.46 | .23 | -.38 | -5.63 | .15 | .49 Q | NE | -25.0 | 1.1 | 18.3 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 2.13 | 2.13 | .00 | .00 | 3.63 | 1.66 | .20 | .00 | -7.74 | -5.78 | .09 | .12 N | 120.0 | 25.0 | 1.1 | 9.7 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.63 | 8.88 | 9.50 | .25 | 2.70 | 32.75 | 8.00 | .32 | 1.36 | -4.10 | 1.59 | .70 | -.10 S | -13.3 | 59.0 | 3.6 | 14.6 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 18.25 | 18.00 | 18.00 | -.25 | -1.37 | 20.00 | 14.00 | -.12 | .02 | -5.93 | .00 | .84 | .15 F | 21.7 | -10.0 | .3 | 21.4 | .32 | 1.8 | 12-08-83 | 160.4 | .5 | .7 | 7.17 | 14.49 | 0983 |
| Peoples Rest | PEPL | 2.13 | 1.50 | 1.88 | -.38 | -16.67 | 15.13 | 1.50 | -3.52 | .52 | 1.28 | 6.31 | .28 | .04 S | 22.2 | 99.0 | 7.5 | 8.5 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| Piccadilly Caf | PICC | 20.50 | 18.25 | 20.00 | 1.75 | 9.59 | 20.50 | 12.75 | .54 | -.38 | -1.08 | -2.38 | .99 | .05 N | 4.6 | 5.0 | 3.9 | 17.7 | .60 | 3.0 | 03-09-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pizza Inn | PZA | 10.25 | 10.00 | 10.25 | -.13 | -1.20 | 17.50 | 9.00 | .26 | .32 | -8.67 | 18.14 | 1.16 | .61 F | 110.9 | 23.0 | 2.4 | 8.8 | .08 | .8 | 04-16-84 | 148.9 | 3.6 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKYQ | 2.13 | 1.38 | 2.00 | .13 | 6.67 | 26.00 | 1.38 | -1.02 | 5.19 | -10.31 | -4.06 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 13.38 | 12.75 | 13.00 | .25 | 1.96 | 16.75 | 12.75 | -.12 | .22 | -2.67 | 27.04 | .37 | .41 Q | NC | 4.0 | 1.9 | 31.7 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 22.88 | 21.00 | 21.00 | -.88 | -4.00 | 25.25 | 16.00 | -.01 | -1.06 | 4.74 | 27.31 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 17.8 | .40 | 1.9 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 8.13 | 7.63 | 7.88 | .00 | .00 | 11.88 | 6.88 | -.17 | .98 | -2.19 | 14.59 | .13 | .86 F | NE | -24.0 | .7 | 60.6 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 14.75 | 14.50 | 14.50 | .00 | .00 | 23.25 | .00 | -.25 | -.26 | -.97 | -21.43 | .57 | .63 Q | NC | 57.0 | 3.8 | 23.0 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.13 | 6.50 | 6.63 | -.63 | -8.62 | 11.38 | 6.50 | -.42 | -.29 | 3.09 | 8.33 | .88 | .10 F | 12.8 | 31.0 | 1.9 | 7.5 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Ritzys G D | RITZ | 6.75 | 5.75 | 6.00 | -.50 | -7.69 | 23.34 | 5.75 | -1.64 | -1.15 | -1.11 | -6.23 | -.17 | .09 F | NE | -44.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 18.13 | 17.25 | 17.75 | .50 | 2.90 | 28.25 | 15.50 | .13 | .92 | -.32 | -2.65 | .52 | .20 F | 62.5 | 86.0 | 10.8 | 34.1 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 28.88 | 27.13 | 28.00 | .63 | 2.28 | 40.25 | 24.63 | -.03 | .00 | 2.58 | -28.20 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 12.3 | .44 | 1.6 | 02-10-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 9.00 | 9.00 | 9.00 | .00 | .00 | 15.25 | 9.00 | -.59 | .00 | -8.49 | -21.88 | .70 | -.18 S | -23.6 | 17.0 | 4.5 | 15.5 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.88 | 7.88 | 8.63 | .63 | 7.81 | 15.00 | 7.50 | -.13 | -.33 | -.80 | 10.48 | .23 | -.12 F | -34.2 | 5.0 | 1.2 | 37.5 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 15.00 | 15.00 | 15.00 | .00 | .00 | 18.00 | 13.50 | .31 | .04 | -2.35 | -80.71 | 1.19 | .51 F | 75.0 | 17.0 | 2.5 | 12.6 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.50 | 22.75 | 22.75 | -.88 | -3.70 | 27.38 | 20.00 | -.12 | -.36 | .13 | -84.66 | 1.17 | .26 Q | 26.8 | 35.0 | 6.0 | 18.5 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 14.25 | 13.75 | 14.00 | -.25 | -1.75 | 20.50 | 13.75 | -.32 | -.14 | 4.38 | 3.51 | 1.24 | 1.24 F | NC | 18.0 | 3.5 | 11.3 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| Sizzler Rest Intl | SIZZ | 12.00 | 9.50 | 12.00 | 2.50 | 26.32 | 16.25 | 8.75 | .05 | 3.85 | 2.20 | 23.60 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 11.5 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 11.00 | 9.50 | 10.88 | 1.13 | 11.54 | 15.50 | 9.00 | .43 | .71 | 3.90 | 18.16 | .81 | .14 Q | 20.8 | 26.0 | 4.0 | 13.4 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.00 | 18.00 | 18.00 | .00 | .00 | 22.00 | 16.50 | .07 | .02 | -6.84 | .00 | 1.02 | .65 F | 175.6 | -6.0 | 2.3 | 17.6 | .26 | 1.4 | 10-05-83 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.50 | 4.25 | 4.25 | -.25 | -5.56 | 7.50 | 3.88 | -.04 | .00 | -.88 | 20.43 | .27 | .05 N | 19.2 | 75.0 | 3.8 | 13.7 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 6.38 | 5.38 | 5.75 | -.50 | -8.00 | 10.00 | 5.38 | -1.05 | -3.74 | 1.12 | 63.10 | .29 | .07 Q | 31.8 | 67.0 | 2.1 | 19.8 | .00 | .0 | 05-17-79 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF Texas | TEXF | 3.75 | 3.75 | 3.75 | .00 | .00 | 7.50 | 3.75 | -.06 | .00 | -2.62 | .00 | .02 | .05 N | NC | 58.0 | .0 | 75.0 | .00 | .0 | 00-00-00 | 4.8 | .0 | .5 | 3.50 | -.17 | 1282 |
| Victoria Stations | VSTA | 7.38 | 5.88 | 6.75 | -.13 | -1.82 | 13.63 | 5.38 | -.01 | -1.72 | -6.37 | -58.17 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 15.38 | 14.13 | 14.63 | .38 | 2.63 | 16.50 | 10.78 | -.12 | .37 | -4.50 | .81 | 1.01 | .17 F | 20.2 | 20.0 | 7.7 | 14.5 | .24 | 1.6 | 03-14-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 9.25 | 9.00 | 9.00 | -.25 | -2.70 | 17.50 | 9.00 | -.27 | .00 | -2.25 | -44.03 | .92 | -.07 N | -6.1 | 7.0 | 3.1 | 8.5 | .16 | 1.8 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 9.13 | 9.00 | 9.00 | -.25 | -2.70 | 17.13 | 8.75 | -.89 | -.28 | .59 | 8.41 | .63 | .00 F | .0 | 9.0 | 3.3 | 14.3 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# 'Where's the Beef?' ad, baked potato lift Wendy's net profit 29%

DUBLIN, Ohio—What a difference an elderly woman, a catchy phrase and a stuffed baked potato can make.

Wendy's reports net profit soared 29% to $13 million on a 34% rise in revenue to $205 million in the first quarter ended March 31 compared to the year-earlier period. Systemwide sales were up 32% to $536 million.

During the quarter, the chain completed a nationwide rollout of seven stuffed baked potatoes and created two memorable TV ads featuring 80-year-old Clara Peller barking "Where's the Beef?"

"We combined quality products with aggressive advertising to produce outstanding results," exulted Robert L. Barney, chairman-chief executive.

Real sales (total sales at comparable units minus menu price hikes) were up 17% in the quarter compared to the same period a year earlier, Barney said. This follows a 15% real sales gain in the fourth quarter of 1983.

Profit margins at 937 company-operated restaurants rose to 17.3% from 16.9% in the first quarter a year earlier. Average unit sales at the 2,721 total units were $199,000 in the first quarter, up 20% from $166,000.

Wendy's opened 48 new restaurants in the first three months of this year.

Meanwhile, Wendy's upscale chicken chain, Sisters Chicken & Biscuits, grew to 52 units, compared to 26 a year ago. Fourteen Sisters restaurants are under construction.

## Twistee Treat ice cream makes $10M rights offer

CAPE CORAL, Fla.—Twistee Treat, which has already raised more money through the public capital markets than through its planned chain of ice cream shops, is going to the market again.

The parent company is spinning off a financing subsidiary to raise development funds.

Twistee Treat Financial Corp., a subsidiary to be 91%-owned by the parent, plans to issue 10 million units priced at $1 each. Every unit consists of one share of common and 1½ warrants convertible into stock at $2 each in 1985.

It is a rights offering, so current shareholders of Twistee Treat, which changed its name after Twistee Freez, apparently after Tastee Freez of Michigan protested, would have first crack at the issue.

Twistee Treat went public last August, raising $5 million before it had opened a single one of its planned prefabricated stores. Today there are two open and eight more planned.

Proceeds from the latest offering would be used to finance company-store development and, if franchising begins later this year, for franchisees.

The chairman and chief executive of both firms is Robert G. Skinner, 53, who was an executive at Tastee Freez, Famous Recipe and a budget steakhouse operation that came through Chapter 11 paying off its creditors in full after an ownership change.

## Cost of poultry cuts Winners net to $310,000

NASHVILLE—Record high poultry costs slashed Winners Corp.'s net profit to $310,000 in the first quarter ended March 31, 34% below last year's first quarter.

Sales rose 36% to $24.3 million, reflecting the 39% increase in the number of company-owned Mrs. Winner's chicken and biscuits outlets to 97. Franchised units grew from 10 last year to 35.

But heavier advertising costs to support new store openings in new markets also weighed on profits, said the company. Winners also operates 54 Wendy's.

Buck Hussung, president and chief executive, said first-quarter broiler prices were 35% higher than last year and were expected to remain high for the next quarter or two.

## Taubman to acquire Woodward & Lothrop for $220 million

DETROIT—A. Alfred Taubman, the tycoon mall developer who also owns the 800-unit A&W fast-food chain, has agreed to acquire for $220 million Woodward & Lothrop Inc., a Washington, D.C., department store chain.

Taubman, who made his fortune developing 19 major shopping malls, recently acquired Sotheby Parke Bernet auction galleries for $125 million. He also owns a group of radio and TV stations and the United States Football League's Michigan Panthers.

## Naugles public offer to raise $30 million

FULLERTON, Calif.—Despite a sharp drop in the price of its stock after disclosing it planned to close 32 restaurants, Naugles Inc. has tapped the capital markets with a $30 million debt and equity offering.

The 170-unit Mexican fast-food chain said it completed the sale of 30,000 units priced at $1,000 each.

Proceeds will be used to reduce debt, to buy restaurant equipment for planned new units and for general corporate purposes. Naugles had 4.7 million shares outstanding before the offering.

## Long John Silver profit up $4.5M in 3rd quarter

LEXINGTON, Ky.—With heavy promotion expenses at its more than 1,300 Long John Silver's Seafood Shoppes taking a toll, Jerrico Inc. posted a net profit of $4.5 million for the third quarter ended March 31, matching results of the year-earlier quarter.

Results include a $377,000 gain realized from the purchase of $5 million of the principle amount of the company's convertible debentures. Net profit not including this purchase showed a decline of 5.1% over last year's third quarter.

Revenue for the period increased 15.1% over year-earlier results to $125.7 million.

While the company suffered its 10th consecutive quarter in which net profit was either down or only marginally improved, customer counts at company-owned Long John Silver's stores trended upward for the first time in over two years.

On the heels of a buy-one-get-one-free fish promotion which coincided with the Lenten season, third-quarter average sales at company-operated Long John Silver's jumped 7.7% over last year, representing a real sales gain of 7.2%.

According to company officials, the fish promotion, in addition to boosting customer counts, also served to expedite the elimination of higher-costing fish stockpiles. Beginning in the fourth quarter, the average cost of fish used in the Long John Silver's system will drop to $1.68 per pound, the lowest level in three years.

## Benihana National's first-year net $1.4 million on sales of $20 million

MIAMI—Benihana National Corp., owner and operator of 14 Benihana of Tokyo Japanese-style restaurants, reported net profit of approximately $1.4 million on consolidated companywide sales of about $20 million for its first year of operations ended last month.

Pretax profit from Benihana National's restaurant operations was $2.35 million on gross sales of $16.8 million, while pretax profit from the corporation's newly introduced retail frozen food line, commenced in December 1983, were expected to be $280,000.

Restaurant sales are primarily generated from the 11 units acquired from Benihana of Tokyo Inc. in May 1983 and three additional units acquired in December 1983. Benihana National owns the exclusive right to use the Benihana trade name and service marks in connection with the expansion of the Benihana restaurant chain and other food and hospitality related businesses in the United States and certain foreign countries. In addition to its retail frozen food line, Benihana National is developing an Oriental fast-food restaurant.

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## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Associated Hosts | 3 mos. | 12/29 | | | $ 22.800 | 11.0 | $ 0.794 | 16.0 |
| El Chico | 3 mos. | 2/10 | $ 17.100 | 13.0 | | | 0.780 | |
| | 9 mos. | | 52.400 | 17.0 | | | 2.600 | |
| El Torito | 3 mos. | 3/31 | 0.585 | 25.0 | | | 1.566 | 114.0 |
| Esteban's Mexican Foods | 12 mos. | 12/31 | | | 10.500 | 52.0 | 0.416 | |
| | 3 mos. | | 2.890 | 42.0 | | | 0.009 | |
| G. D. Ritzy's | 3 mos. | 4/1 | | | 3.100 | 147.0 | – 0.647 | |
| Greyhound | 3 mos. | | | | 432.200 | 23.5 | 24.200 | 2.5 |
| | 12 mos. | | | | | | 105.000 | 2.4 |
| Holiday Inns | 3 mos. | 3/30 | | | 402.500 | 15.0 | 26.000 | 16.0 |
| Int'l Dairy Queen | 12 mos. | 11/30 | | | 99.300 | 17.5 | 7.200 | 16.7 |
| | 3 mos. | | | | 23.500 | 19.5 | 0.982 | 11.7 |
| Jerrico | 3 mos. | 3/31 | | | 125.700 | 15.1 | 4.500 | 0.0 |
| Luby's | 3 mos. | 2/29 | | | 40.000 | 20.0 | 3.600 | 21.0 |
| | 6 mos. | | | | 78.900 | 17.0 | 7.300 | 17.0 |
| Max & Erma's Restaurants | 3 mos. | 2/19 | | | 5.500 | 18.0 | – 0.114 | |
| Morrison | 3 mos. | 2/25 | | | 114.300 | 10.0 | 4.500 | 0.0 |
| | 9 mos. | | | | 341.200 | 10.0 | 14.300 | 9.0 |
| Noble Roman's | 12 mos. | 12/31 | 29.000 | 12.0 | 11.600 | 18.0 | 0.347 | 18.0 |
| Pancho's | 6 mos. | 3/31 | | | 14.472 | 25.0 | 0.556 | 41.0 |
| | 3 mos. | | | | 7.551 | | 0.349 | 57.0 |
| Penn-Tide | 12 mos. | 9/30 | 3.700 | 64.0 | | | 0.168 | 516.0 |
| Saga | 3 mos. | 3/24 | | | 284.000 | 10.0 | 8.200 | 33.0 |
| | 9 mos. | | | | 825.000 | | 24.600 | 18.0 |
| Sandwich Chef | 3 mos. | 3/31 | 6.600 | 24.0 | | | 0.216 | |
| | 9 mos. | | 18.900 | 30.3 | | | 0.486 | |
| Skippers | 12 mos. | 12/25 | | | 50.500 | 33.0 | 2.020 | 93.0 |
| Southern Hospitality | 3 mos. | 2/29 | 8.000 | 36.3 | | | 0.190 | 4.4 |
| | 9 mos. | | 25.600 | 36.4 | | | 0.792 | 32.9 |
| Taco Villa | 12 mos. | | | | 25.600 | 2.0 | 1.100 | 95.0 |
| Vie de France | 6 mos. | 12/11 | | | 24.200 | 32.0 | 2.400 | 32.0 |
| Wendy's | 3 mos. | 3/31 | 536.000 | 32.0 | 205.000 | 34.0 | 13.000 | 29.0 |
| Winners | 3 mos. | 3/31 | 24.300 | 36.0 | | | 0.310 | – 34.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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# Domestic lodging reports first year-to-year rise since 1979

PHILADELPHIA—It was only a slight increase, less than 1%, but last year for the first time since 1979 the domestic lodging industry reported year-to-year increases in occupancy, according to a report by Laventhol & Horwath, a hotel consulting and accounting firm here.

Occupancy rates at domestic hotels rose 0.6% to 65.2% in 1983 compared to 1982, the report says. Hotels in the Southeast fared best during the year, with occupancy rates rising 6.5% to 69.2%.

Northeast hotels had the strongest occupancy rates—69.5%, a 3% rise over 1982 figures. In the West, hotels reported a 0.3% rise to 69%.

Hotels in the South Central district had the worst showing, with occupancy rates plummeting 7.9% to 59.8%. Occupancy rates in North Central hotels were up 3.9% to 61.7%.

Resort hotels showed the strongest increases among types of hotels and motels, with occupancy rates rising 2.1% to 66.8%. Airport hotels had the strongest occupancy rate—68.3%, up one-tenth of 1% over 1982. Occupancy rates were up 0.5% to 63.1% at center-city hotels and 1.5% to 66.6% at highway hotels and motels. Suburban properties reported a 0.9% decline in occupancy

Rated by size, large hotels, those with more than 600 rooms, had the strongest occupancy gains, a 3.6% increase to 68.6%. Medium-sized properties (300-600 rooms) reported a 0.6% drop in occupancy to 63.1% and hotels with between 150 and 300 rooms posted a 0.9% occupancy rate increase to 64.9%, the same rate as hotels and motels with fewer than 150 rooms.

Some of the strongest increases in occupancy rates were recorded in New York City, up 6% to 73.7%; Washington, D.C., metropolitan area, up 10.3% to 69.4%; Orlando area, up 14% to 81.3%; Osceola County, Fla., up 15.1% to 84.7%, and Des Moines, up 7.9% to 54.5%.

Cities and areas with the biggest drops in hotel occupancy rates included Dallas, down 6.9% to 59.6%; Texas Gulf Coast, down 9.2% to 58.4%; Houston, off 9.1% to 53.9%; New Orleans, down 12% to 60.6%, and Tulsa, down 12.6% to 52.9%.

Food and beverage sales were up 2.4% in 1983 to $30.42 per occupied room but the number of covers served dropped slightly by 0.8%. Average receipt per cover in hotels nationwide was $8.68.

Laventhol & Horwath said it expects occupancies to increase 3.5% this year and total sales to rise between 8% and 10%.

**HOTEL OCCUPANCY IN SELECTED AREAS FOR 1983**

| City or Area | Occupancy Rate | Per Cent Change From 1982 |
|---|---|---|
| Boston | 67.4% | 0.0% |
| New York City | 73.7 | 6.0 |
| Philadelphia | 61.0 | 1.2 |
| Pittsburgh | 61.5 | – 1.4 |
| Washington Area | 69.4 | 10.3 |
| Daytona Beach | 67.3 | 1.4 |
| Orlando Area | 81.3 | 14.0 |
| Oscecla County (Fla.) | 84.7 | 15.1 |
| South Florida | 65.0 | – 1.5 |
| Downtown Miami | 51.6 | 4.0 |
| Fort Lauderdale | 56.8 | 1.1 |
| Tampa Bay | 62.2 | – 0.6 |
| Des Moines | 54.5 | 7.9 |
| Indianapolis | 60.6 | 2.4 |
| Detroit | 68.2 | 6.9 |
| Cleveland | 53.0 | 5.4 |
| Cincinnati | 59.1 | 0.2 |
| St. Louis | 60.9 | 6.3 |
| Minneapolis/St. Paul | 61.7 | 5.8 |
| Dallas | 59.6 | – 6.9 |
| Houston | 53.9 | – 9.1 |
| New Orleans | 60.6 | –12.0 |
| San Antonio | 69.0 | – 0.6 |
| Tulsa | 52.9 | –12.6 |
| San Francisco (Airport Hotels) | 73.4 | – 0.5 |
| San Diego | 75.7 | 4.6 |
| Portland | 59.1 | 1.2 |
| Seattle | 62.5 | 4.7 |
| Total U.S. | 65.2 | 0.6 |

Source: Laventhol & Horwath

# Subway opens its first Persian Gulf unit

MILFORD, Conn.—Subway, with over 320 mostly franchised sandwich and salad shops in the continental United States, has opened its first unit abroad, in the small Middle Eastern state of Bahrain on the Persian Gulf.

Preparation for the chain's first international store—owned by franchisee Roman Marini—required nearly a month to complete as equipment had to be shipped under a special visa from the company's Connecticut headquarters.

The Bahrain store, according to company sources, will be used as a showplace for the development of future Subway stores in the Middle East. The chain is also exploring markets in western Europe for possible expansion.

**Jay Lyons (left) of Marshall Freight Forwarding and Fred DeLuca, Subway's general manager, check cargo before shipping overseas to Bahrain, on the Persian Gulf.**

# 'Largest' cheese factory set for Calif.

CORONA, Calif.—A California-based group of European and American investors will build what they say is the world's largest cheese factory here at a total cost of more than $84 million.

Production on the 100,000-sq.-ft. plant is set to begin Oct. 1, 1985.

Cost of freight is cited as a major reason behind the project. While California ranks second behind Wisconsin in national milk production, it ranks fifth in cheese production.

Most of the cheese made in the new plant will go to supermarkets, industrial users, pharmaceutical manufacturers and food processing operations throughout California.

In addition, a $20 million cogeneration facility is planned to supply power.

# Restaurant manager is found shot to death following ransom payment

QUEENS, N.Y.—A 27-year-old restaurant manager was murdered recently following the payment of a $30,000 ransom by his family, which owns the restaurant in which he worked.

The body of Ernesto Castro, who managed the Fontana di Roma at 111-08 Queens Blvd. in the Forest Hills section, was found alongside the Harlem River Drive in upper Manhattan.

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# *Sisters repositions product mix*

**By Rick Telberg**

COLUMBUS, Ohio—Sisters chicken and biscuits, the 50-unit chain launched by Wendy's four years ago, is methodically adding new products to boost sales and thus bring margins closer in line with Wendy's outlets.

A sandwich line has been rolled in Columbus, a company-owned market, where it is reportedly garnering 12% of sales. Breakfast is being expanded into waffles.

Results have prompted Wendy's officials to project a 25% average annual unit-volume advance to $950,000 this year as the chain doubles in size.

Robert Barney, Wendy's chairman and chief executive, indicated that Sister's was being repositioned with a broader menu to increase volume.

Sister's first round of menu additions, completely executed last year in company stores and still being rolled in franchised stores, includes a salad bar, a baked potato toppings bar and ice cream sundae toppings bar.

Country-fried steak, usually priced at $3.59, is also on company-store menus. The top-priced item is served with green beans and bacon and mashed potatoes.

Without the new lunch and breakfast dayparts, Sister's margins were trailing Wendy's sometimes 20%-levels by up to five points, diminishing its appeal to Wendy's franchisees accustomed to fat bottom lines.

But Barney indicated that

*(Continued on page 66)*

Top: Front of typical ShowBiz unit. Left: Brock Hotel Corp. chairman Robert Brock

# *ShowBiz fights slump with new diversions*

**By Joe Edwards**

IRVING, Tex.—ShowBiz Pizza Place is taking steps to overcome severe problems of customer boredom, undercapitalization and market saturation which continue to depress sales and profits at the 201-unit pizza-entertainment chain.

Twice-a-week teen dance centers, 100-seat theaters featuring films with dazzling special effects and other new amusements are being tested and may be added to more than half the units by year's end.

ShowBiz is developing a 5,000-sq.-ft. prototype, about half the size of its existing units, and is restructuring its short-term debt. Parent, Brock Hotel Corp. is considering spinning off ShowBiz as a public company this summer.

Meanwhile, 11 low-volume units have been closed and about a half-dozen others will be shut down shortly. But 16

*(Continued on page 66)*

*Senate probe targets Hanley*

# Culinary union leader sidesteps questioning on alleged 'mob' links

**By Ken Rankin**

WASHINGTON—Culinary Union International president Edward T. Hanley—the star witness at fiery Senate hearings into alleged "mob" influence over the nation's largest restaurant labor organization—invoked the Fifth Amendment repeatedly in response to questions concerning the union's reported links to organized crime.

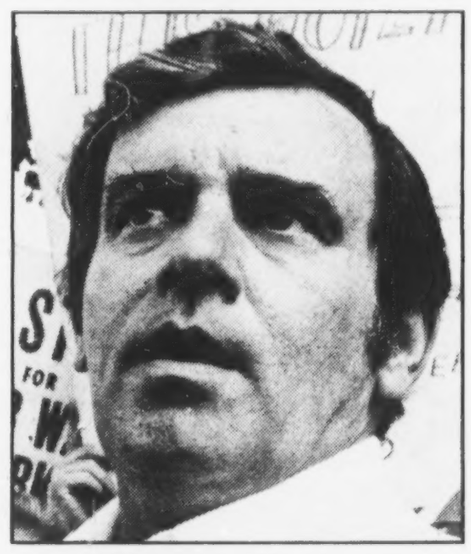
Outraged by Hanley's refusal to testify at the Congressional hearings, Senate leaders threatened to take further action against the union chief, including a possible "contempt of Congress" proceeding that could result in a Federal prison term if he fails to cooperate with Capitol Hill investigators.

In addition, key members of the Senate Permanent Investigations Subcommittee also raised the possibility that Hanley may be forced to relinquish control of the Hotel Employees and Restaurant Employees International Union under a long-standing A.F.L.-C.I.O. policy prohibiting union officials from refusing to answer "all relevant questions" asked by "legislative committees."

Despite Hanley's silence on the witness stand, union officials had the last word during the Senate hearings by releasing a statement defending Hanley's right to plead the Fifth Amendment and denouncing Congressional investigators for attempting to "smear" the union.

Rather than conducting a "fair and impartial inquiry" into alleged organized-crime control at the union, that statement characterized the Senate investigation as "a premeditated effort on the part of the subcommittee's staff to destroy the reputation and credibility of our union and its officers and to un-

*(Continued on page 66)*



Edward T. Hanley

# *Numero Uno eyes new pizzeria venture*

**By Richard Martin**

WOODLAND HILLS, Calif.—Numero Uno Pizzeria, the privately held 56-unit chain operating in southern California would to public and finance expansion of a new pizza concept from a pending reverse merger with Minute Man of America, a publicly traded six-unit fast-food burger company based in Little Rock, Ark.

Numero Uno parent Gelet Enterprises, based here, would survive the merger with controlling interest in an as-yet-unnamed new entity, which could then offer equity to raise expansion capital, sources at the company said.

John F. Jenkins, president of Minute Man, and Ronald J. Gelet, ceo of the pizza-chain parent, are expected to reach a definitive agreement on the deal this month, with consummation anticipated by Aug. 1. Terms of the proposed merger, reportedly involving an exchange of stock, were not disclosed.

Numero Uno president Howard Davis said the newly formed company would begin development of a completely different pizza concept in unspecified markets outside California starting within six to nine months. Davis did not disclose the new concept's intended name or format pending copyright registration.

Founded by Gelet in 1973, Numero Uno began franchising in 1976, and grew to system-wide sales of $21 million in the fiscal year ended Jan. 31. Currently all but two outlets of the 56-unit chain are franchised, including four smaller Numero Uno Jr. storefront operations.

Davis projects the chain will open from 10 to 12 more Numero Uno units by the end of next January, mainly in San Diego and northern California markets. He expects system-wide post-merger sales to reach about $27 million for the current year.

Additional plans call for expansion of the Minute Man concept in and beyond its current territory of Arkansas. Described as being similar to Naugles with drive-thru systems in some units, and a menu featuring burgers and Mexican items, the six existing Minute Man units would be remodeled and

*(Continued on page 66)*

# Thomson drops reins at Peoples

**By Ken Frydman**

RICHARDSON, Tex.—Thomas L. Heironimus, a nine-unit Peoples Restaurants franchisee, has succeeded Donald G. Thomson as chairman and chief executive of the 58-unit family restaurant chain.

Don Thomson

At the same time, Peoples has signed an agreement to acquire the net assets of Heironimus's firm, Fortune Foods, which operates Peoples units in Florida and Indiana.

Heironimus, 37, previously served as an executive officer of LLC Corp., a 100-unit Arby's franchisee, and prior to that held several executive positions at Steak 'n Shake.

Thomson is expected to stay involved with some Wyly family interest. Sam Wyly is a major shareholder of Peoples and Bonanza International. Thomson once was chairman of Bonanza.

Thomson resigned as chairman and chief executive of Peoples earlier this year, but did not step down until May 15, when Peoples completed registration of an $11 million common stock rights offering of 84% interest in its wholly owned specialty retail store subsidiary, Michael's Arts & Crafts.

*(Continued on page 66)*

## LATE NEWSBREAKS

**Richard Melman's Lettuce Entertain You Enterprises has signed to manage and restructure the unprofitable Playboy Clubs and restaurants. He previously signed management contracts for the national rights to Gino's East and for a joint venture gourmet burger deal with Lee Cohn of Phoenix.**

**Saga has assumed management of two tablecloth restaurants and eight snack shops in the Arco Plaza Building in downtown Los Angeles. Sources at ARA's Fine Dining division say that ARA declined to renew its contract at Arco.**

**7-Eleven is eying salad bars as a prime food-service possibility at many of its stores.**

**Ted Balestreri, president of the Sardine Factory, Monterey Calif., was named IFMA's Golden Plate operator of the year. (Full details, next issue.)**

COMMODITIES

# Vegetable crop outlook good; fruit is mixed; meat prices about to rise

**NRN Special Report**

In general, the outlook for this year's vegetable crop is good, with larger acreage planted and canners budgeting larger packs. But until the new packs hit the market, prices are up.

Canned pea inventory is down almost 35% over last year at this time. Early June Fancy stocks are tightest—65% below 1983. Sweet and Alsweet extra standard are 51% below last year. Standard grade on both varieties are almost wiped out. The frozen pack is in better shape. The pack this year has started and is budgeted at 12% higher than 1983, but movement has been up, and overall stocks will probably be only about 3% to 4% higher than last year. Opening prices for both canned and frozen are near old pack levels: $12.75-$13 for 6/10 Extra Standard; 51¢ lb. for Grade A frozen 2½-lb. pack.

Sweet corn plantings by canners are up 8%, but crop yields are expected to be larger than last year's poor ones. Don't

*(Continued on page 65)*

## PRICE MOVEMENT AT A GLANCE

| | May 11, 1983 | April 11, 1984 | May 11, 1984 |
|---|---|---|---|
| Beans, green, Grade A, frozen, Calif. (lb.) | $0.45-0.50 | $0.43-0.48 | $0.50-0.52 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $1.05 | $1.05 | $1.01 |
| Broccoli spears, Grade A, frozen, Calif. (lb.) | $0.57-0.60 | $0.50-0.58 | $0.52-0.58 |
| Broilers, Grade A dressed, icepack, NYC (lb.) | $0.4910 | $0.6049 | $0.6009 |
| Eggs, Grade AA, large white, Chicago (doz.) | $0.7075 | $1.05-1.07 | $0.73-0.75 |
| Lettuce, iceberg, Calif. (24s) | $9.00-10.00 | $3.00-3.50 | $3.00 |
| Orange juice, frozen concentrate, Florida (12/32 oz.) | $19.92 | $25.60 | $25.60 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $0.965 | $0.90 | $0.96 |
| Potatoes, round white, Maine (50 lb.) | $3.125 | $3.50 | $3.025 |
| Spinach, Grade A leaf, frozen, Calif. (lb.) | $0.33-0.35 | $0.25 | $0.25 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

*'Spending spree' gets results:*

# Bakers Square, Carlos Murphy's rising stars on Vicorp's horizon

**By Joe Edwards**

DENVER—Bakers Square coffee shops and Carlos Murphy's Mexican-accented casual theme dinnerhouses are emerging as bright stars in Vicorp Restaurants' dramatically altered lineup of chain concepts.

At Bakers Square, new menu items including a wider selection of takeout baked goods, and a new ad campaign helped boost average weekly unit volumes by 17% to $21,400 without any menu price hikes. Profit margins have jumped to nearly 21% of sales from less than 19% a year ago.

Carlos Murphy's, a 14-unit chain that competes in six states with Friday's, Bennigan's and other casual themers, generates about $2 million in average unit sales and may be designated as a primary growth vehicle by Vicorp.

Bakers Square and Carlos Murphy's were acquired by Vicorp as parts of two separate deals over the last 12 months. The acquisitions brought a total of 131 additional restaurants into Vicorp and nearly doubled annual systemwide sales to an estimated $350 million in the current fiscal year.

*'The acquisitions . . . nearly doubled annual systemwide sales to $350 million.'*

Bakers Square is Vicorp's new name for Poppin Fresh coffee and pie shops, acquired from Pillsbury a year ago for $38 million. Vicorp spent another $61 million acquiring Carlos Murphy's and 57 other dinnerhouses from Ralston-Purina's Foodmaker in February.

Vicorp's uncharacteristic spending spree took many industry observers by surprise. Those who knew Vicorp as the solid but unexciting Village Inn Pancake House operator and franchisor were impressed with the boldness of the acquisition, but some questioned the wisdom of investing $99 million in the lackluster coffee shop and dinnerhouse segments.

*(Continued on page 14)*

# Red Robin goes on the offensive, blasts 'gourmet-come-latelies'

**By Richard Martin**

SEATTLE—"Gourmet" burger-segment pioneer Red Robin has fired the opening salvos in its newly declared war on encroaching latecomers who have suddenly become its upscale hamburger competition.

But one of its biggest potential enemies among the swelling coast-to-coast ranks of adult-burger purveyors—cross-town rival Flakey Jake's—has casually deflected Red Robin's initial verbal assault.

The behind-the-scenes skirmish followed Red Robin's first annual management conference here, in which area developers, franchisees, managers and corporate staff of the seven-state, 21-unit chain heard company founder Gerry Kingen, now chairman and ceo, pass the titles of president and chief operating officer on to Greg Hubert, formerly exec vp.

Hubert then launched into his declaration of "war" on the likes of Chili's, Fuddrucker's, Bonkers, T.G.I. Friday's and others. He followed with an outline of Red Robin's competitive goals, including a planned initial public stock offer this fall and forecasts of growth in corporate net profit from a projected $1.05 million on systemwide sales of $39 million this year, to a $6 million net on gross sales of $133 million by 1988.

Claiming that customers do not differentiate between the various upscale burger-saloon concepts (despite such novel attractions as exhibition bun baking and fresh meat grinding in self-serve operations like Flakey Jake's and Fuddrucker's), Hubert said Red Robin would rely on its full-service format and its headstart in the gourmet burger field to grab market share and wine the inevitable bidding wars for sites.

He further declared Red Robin was positioned "to slice off a large piece of the action" held by the top 100 chains, which have a lock on nearly 48% of total industry volume.

The warfare rhetoric took on another dimension a little later. Even while highest-level executives of Red Robin were saying there was plenty of room for everyone in the suddenly crowded upscale burger segment (projected to experience nearly double the 3% industry-average real growth rate this year), they were slamming Flakey Jake's for allegedly inflating the reported $47,000-a-week sales average of its new Seattle store by lumping free-with-coupon food items into total cash receipts.

Red Robin's top brass also charged that the in-house

*(Continued on page 65)*

**Gerry Kingen: "It's only a matter of time before the blue-collar customer . . . figures out that a $4 burger and no service isn't such a great deal."**

# McD adds soup and salad at 15 Chicago restaurants

**By Joe Edwards**

OAK BROOK, Ill.—Soups and salads have been added to the menus at 15 downtown Chicago McDonald's restaurants in what could develop into a bid by the burger chain for a share of the growing "healthy" fast-food market.

A chain spokesman, however, said the new menu items are designed for "customer convenience" rather than actual testing purposes. "It's not a complete test," he explained. "It's just that these are the types of items that people at our downtown stores want to eat."

A cup of soup is priced at 85¢, and a preportioned salad sells for $1.39. One commercially prepared soup is available daily on a rotating basis. Choices include minestrone, vegetable beef, cream of tomato and chicken noodle.

Soups are rare at fast-food chains, but salad bars, including those at Burger King, Rax, Wendy's and Roy Rogers, are becoming commonplace.

McDonald's has tested salad bars in the upper Midwest and southern California for several years but remains unimpressed with the results. A preportioned salad has been available in 70 test units in the Los Angeles area for more than a year.

Soups and salads could be used by McDonald's to attract nutrition-conscious consumers into the units. Foods that are perceived to be healthier and lower in calories than standard fast-food fare have been appearing with increasing frequency at fast feeders in the last two years.

In addition to traditional fast-food chains that have rolled out salad bars, two chains, D'Lites of Atlanta and The Fresher Cooker of Lexington, Ky., have been creating a splash with menus based on nonfried and "light" foods.

Soups and salads are a low-calorie alternative to other McDonald's products. A Big Mac, regular fries and glass of lowfat milk contains 900 calories.

At McDonald's annual stockholders' meeting last month, no mention was made of soups and salads. Officials noted that the chain is testing homemade biscuits and two new breakfast items, Sausage McMuffins and Maple McKrisps.

Sausage McMuffins are now sold in 3,400 of about 4,900 domestic restaurants. They are variations of the chain's popular Egg McMuffin breakfast sandwich, which first appeared in 1973.

An Egg McMuffin is a fried egg, slice of Canadian bacon and cheese on an English muffin. The new item offers a sausage patty in place of the Canadian bacon. Maple McKrisps, which are in test in 14 Florida units, are pieces of deep-fried pastry dough with a pocket of imitation maple syrup.

"Homemade" biscuits and biscuit breakfast sandwiches are available in 1,500 McDonald's units, mostly in the South. Scratch biscuits were added in several hundred test units a

*(Continued on page 65)*

# Bojangles' tests bacon version of 'lackluster' biscuit sandwich

NEW YORK—Bojangles', the 225-unit spicy fried chicken chain, is testing a bacon-and-egg biscuit sandwich in Florida after discovering the ham-and-egg version performed poorly beyond the Carolinas.

The Charlotte, N.C.-based chain is also testing two children's meal packs—one with a chicken leg, the other with a hotdog. Both come with fries and a drink.

The reason for hotdogs, said Barry Florescue, chairman and chief executive of Bojangles' New York-based parent, Horn & Hardart, is that adults mistakenly believe Bojangles' spicy chicken is too highly seasoned for their children's tastes.

Florescue's disclosures came in an investment conference sponsored by Ladenburg, Thalmann security analyst Roger Lipton.

The Horn & Hardart chief also said Bojangles' is developing premise-made desserts and considering a nonfried chicken entree.

Florescue cited Bojangles' toughest breakfast competitors as Hardee's sausage biscuits, McDonald's made-from-scratch biscuits and Burger King's new croissant line.

**Also on the Bojangles' test menu: Premise-made desserts and a new, nonfried chicken entree.**

FINANCIAL NEWS

# Strike hurts Hilton profits

BEVERLY HILLS, Calif.—Hilton Hotels reports it has salvaged the company's net profit performance for the first four months of 1984, scoring a slim 3% year-to-year gain to about $25 million, despite the effects of the Las Vegas strike and other factors which led to a precipitous decline in profit for the month of April.

April net profit was $6 million vs. $9.8 million in the same month last year, reported chairman and president Barron Hilton. Besides the strike affecting Hilton's two Las Vegas properties, the slow Easter week and depressed operating results at the Chicago Conrad Hilton (where a major remodeling program is under way) further squeezed April profit.

## Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended May 18 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | | | | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd. Date | Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| A&M Food Svcs | AMFD | 7.50 | 6.50 | 6.50 | -.88 | -11.86 | 8.75 | .00 | .08 | -1.56 | .53 | -13.98 | .40 | .44 Q | NC | 10.0 | 4.3 | 14.8 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.00 | 3.88 | 3.88 | -.13 | -3.13 | 7.25 | 3.88 | -.43 | -.72 | -1.82 | 2.57 | -2.05 | -2.13 Q | -775.0 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 14.75 | 13.75 | 13.75 | -1.00 | -6.78 | 18.75 | 12.69 | -.01 | -.05 | -3.55 | -30.79 | 1.67 | .18 Q | 12.0 | 39.0 | 2.1 | 8.2 | .40 | 2.9 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 29.75 | 28.38 | 28.75 | -1.00 | -3.36 | 38.50 | 28.38 | -.07 | -.26 | -.54 | 7.25 | 2.52 | .55 S | 24.3 | 42.0 | 8.6 | 10.2 | .30 | 1.0 | 01-26-84 | 162.5 | 13.9 | 1.8 | 12.04 | 15.89 | 0783 |
| ARA Services | ARA | 48.50 | 44.00 | 44.50 | .00 | .00 | 55.25 | 40.25 | .38 | -.69 | 1.53 | -8.05 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 9.9 | 2.10 | 4.7 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.38 | 12.25 | 12.50 | -.75 | -5.66 | 18.50 | 10.50 | .16 | .13 | -2.32 | -45.10 | .72 | .45 Q | 128.5 | -1.0 | 3.6 | 15.6 | .12 | 1.0 | 03-06-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.75 | 3.13 | 3.38 | -.13 | -3.57 | 9.25 | 3.13 | -.02 | .65 | -3.26 | -27.41 | -1.30 | -2.34 Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 18.25 | 17.75 | 17.75 | -.25 | -1.39 | 26.81 | 17.25 | -.23 | .18 | -.04 | 37.85 | .89 | .14 N | 16.8 | 21.0 | 7.5 | 18.3 | .26 | 1.5 | 05-07-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.63 | 4.88 | 5.00 | -.50 | -9.09 | 10.88 | 4.88 | -.60 | -.19 | .91 | 5.81 | .17 | -.38 F | -69.0 | -4.0 | .7 | 29.4 | .10 | 2.0 | 04-17-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calny Food | CLNY | 9.50 | 8.50 | 8.75 | .25 | 2.94 | 11.19 | 7.50 | .33 | -.54 | -.77 | -7.07 | .52 | .07 F | 15.5 | 3.0 | 4.8 | 16.8 | .16 | 1.8 | 04-25-84 | 43.6 | 2.1 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 5.00 | 4.00 | 4.63 | -.75 | -13.95 | 8.38 | 3.50 | -.92 | 1.99 | -4.84 | 39.84 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.25 | 8.50 | 8.75 | -.50 | -5.41 | 11.88 | 6.13 | .67 | .18 | -2.93 | 24.89 | .50 | .26 Q | 83.8 | 99.0 | 3.7 | 15.4 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.25 | 15.25 | 15.25 | -1.63 | -9.63 | 29.00 | 15.25 | -.26 | -1.98 | 1.02 | 24.46 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 28.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 14.50 | 13.50 | 13.50 | -1.50 | -10.00 | 18.38 | 13.00 | -.15 | -.23 | -2.87 | 20.72 | .29 | .24 S | NC | 5.0 | 5.8 | 56.3 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 13.63 | 11.75 | 12.38 | -1.13 | -8.33 | 24.38 | 10.25 | .09 | -1.48 | -3.39 | -15.88 | .64 | -.01 S | -2.0 | -4.0 | 2.9 | 25.8 | .50 | 4.0 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 27.50 | 25.50 | 27.38 | 1.25 | 4.78 | 33.50 | 21.25 | .24 | 1.37 | 2.20 | -10.25 | 1.66 | -.53 F | -24.2 | 3.0 | 6.8 | 16.5 | .80 | 2.9 | 05-07-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 16.88 | 15.75 | 16.50 | .38 | 2.33 | 21.63 | 14.75 | .26 | .48 | 5.44 | -40.22 | 1.47 | .30 N | 21.4 | 27.0 | 3.8 | 9.7 | .20 | 1.2 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 19.25 | 18.00 | 18.75 | .75 | 4.17 | 22.13 | 14.53 | -.29 | 1.26 | -3.16 | -2.94 | .08 | .57 S | NC | 86.0 | 1.3 | 32.9 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 13.38 | 12.13 | 12.13 | -.63 | -4.90 | 18.75 | 10.88 | .37 | -1.14 | 1.23 | 26.21 | .26 | .14 N | 70.0 | 39.0 | 2.5 | 35.7 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 18.50 | 18.25 | 18.25 | -.25 | -1.35 | 27.34 | 15.75 | -.06 | .05 | -6.65 | 48.06 | .86 | .10 S | 12.5 | 25.0 | 4.4 | 20.3 | .14 | .8 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 35.38 | 32.75 | 33.38 | -1.50 | -4.30 | 39.25 | 29.00 | .11 | .71 | -1.61 | -25.58 | 2.54 | .15 S | 5.8 | 12.0 | 3.8 | 12.4 | .72 | 2.2 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 65.25 | 61.00 | 63.00 | -1.00 | -1.56 | 77.75 | 47.25 | -.09 | -.02 | -.96 | 53.17 | 2.70 | -.54 Q | -18.0 | -6.0 | 7.1 | 25.7 | 1.20 | 1.9 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 16.25 | 15.13 | 15.25 | -1.00 | -6.15 | 23.75 | 12.75 | .14 | .10 | 1.03 | 20.55 | .99 | .03 Q | 3.1 | 70.0 | 6.8 | 15.4 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 22.50 | 20.75 | 20.75 | -1.88 | -8.29 | 28.75 | 18.13 | .49 | -.15 | 2.33 | -35.71 | 1.62 | .22 Q | 15.0 | 24.0 | 10.2 | 12.4 | .28 | 1.3 | 05-07-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 11.88 | 10.75 | 10.75 | -.88 | -7.53 | 13.13 | 9.00 | .74 | -.88 | -1.32 | -23.68 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.50 | 1.31 | 1.38 | -.13 | -8.33 | 4.63 | 1.13 | -.31 | 1.64 | 1.66 | -34.81 | .05 | .05 N | NC | 81.0 | 6.5 | 27.5 | .00 | .0 | 00-00-00 | 4.6 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 25.88 | 24.75 | 25.50 | .63 | 2.51 | 32.94 | 16.47 | .10 | .26 | -2.19 | 44.92 | 1.85 | .77 S | 51.3 | 25.0 | 3.7 | 11.2 | .40 | 1.6 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 5.50 | 4.88 | 5.13 | .00 | .00 | 15.88 | 4.00 | .00 | -.66 | -3.83 | 49.09 | -.48 | -.28 F | NE | 7.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 50.50 | 48.75 | 50.13 | 1.25 | 2.56 | 57.75 | 41.63 | .27 | .25 | 3.39 | -33.08 | 4.89 | .77 N | 17.3 | 17.0 | 4.4 | 9.6 | 2.04 | 4.1 | 04-04-84 | 5550.8 | 245.1 | 1.2 | 9.71 | 25.68 | 0583 |
| Hamburg Hamlet | HAMB | 9.75 | 9.75 | 9.75 | .00 | .00 | 12.00 | 9.50 | -.28 | .29 | .01 | .00 | -1.10 | -1.81 N | -161.6 | -30.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 50.75 | 48.00 | 49.88 | .13 | .25 | 60.25 | 47.50 | -.01 | .56 | .95 | -40.80 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 11.9 | 1.80 | 3.6 | 05-25-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 42.63 | 39.50 | 39.88 | -2.38 | -5.62 | 59.00 | 38.25 | -.02 | -.24 | 1.14 | 36.66 | 3.28 | .78 Q | 30.0 | 13.0 | 7.8 | 11.8 | .90 | 2.3 | 03-12-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 18.63 | 15.88 | 16.63 | -1.75 | -9.52 | 30.78 | 15.38 | -.66 | .25 | -3.18 | -13.13 | 1.15 | .37 Q | 46.8 | 71.0 | 4.0 | 14.3 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 6.75 | 5.75 | 6.75 | .25 | 3.85 | 10.75 | 5.75 | -.30 | 2.51 | 3.58 | 56.02 | .00 | -.81 S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 40.00 | 38.00 | 38.00 | -2.00 | -5.00 | 40.00 | 29.50 | .00 | .32 | -1.08 | -75.89 | 2.94 | .81 Q | 35.3 | 57.0 | 6.2 | 12.3 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 16.75 | 15.75 | 16.75 | .50 | 3.08 | 23.00 | 12.50 | .87 | 1.24 | .00 | -14.65 | .92 | .70 N | 100.0 | 60.0 | 4.8 | 12.0 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 12.00 | 11.50 | 11.88 | .00 | .00 | 18.13 | 10.38 | .40 | -.03 | -3.90 | -40.16 | 1.00 | .05 S | 5.0 | 20.0 | 4.1 | 11.4 | .20 | 1.7 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 15.63 | 13.50 | 15.63 | 2.13 | 15.74 | 23.13 | 11.88 | .13 | 2.89 | -1.36 | -8.96 | 1.33 | -.07 S | -5.3 | 17.0 | 4.6 | 12.6 | .12 | .8 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.25 | 3.00 | 3.25 | .13 | 4.00 | 10.75 | 2.88 | -.45 | 2.31 | -1.06 | 42.50 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 6.25 | 4.75 | 5.25 | -1.25 | -19.23 | 18.75 | 4.75 | -.97 | -.41 | 2.41 | -18.10 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 52.5 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 24.75 | 21.00 | 21.00 | -3.75 | -15.15 | 43.75 | 18.75 | .27 | -1.79 | .31 | -15.93 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 13.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 33.25 | 32.00 | 33.00 | 1.00 | 3.13 | 39.75 | 29.50 | -.08 | .84 | 1.99 | -7.89 | 1.53 | .22 S | 15.3 | 27.0 | 9.8 | 20.0 | .60 | 1.8 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.38 | 12.13 | 12.25 | .00 | .00 | 15.13 | 11.38 | -.01 | .54 | 9.78 | -77.10 | 1.28 | .13 N | 10.6 | 6.0 | 6.1 | 9.1 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 65.50 | 62.25 | 62.63 | -2.00 | -3.09 | 81.00 | 58.50 | .10 | -.05 | .97 | -22.43 | 4.15 | .71 F | 20.6 | 37.0 | 3.8 | 15.1 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 67.88 | 64.13 | 64.25 | -2.50 | -3.75 | 74.38 | 55.75 | .02 | -.70 | .38 | 6.30 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 11.2 | 1.16 | 1.8 | 05-23-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 14.50 | 13.88 | 14.25 | .25 | 1.79 | 21.06 | 13.13 | -.06 | .31 | -1.31 | -63.28 | 1.34 | .19 S | 15.4 | 13.0 | 4.5 | 10.0 | .40 | 2.8 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.63 | 2.63 | 2.63 | -.13 | -4.55 | 3.50 | 2.25 | -.39 | .36 | .00 | -10.89 | .15 | .49 Q | NE | -25.0 | 1.1 | 17.5 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 2.00 | 2.00 | -.13 | -5.88 | 3.63 | 1.66 | .09 | -1.37 | -.45 | -.77 | .09 | .12 N | 120.0 | 25.0 | 1.1 | 9.1 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.50 | 8.38 | 8.50 | -1.00 | -10.53 | 32.75 | 8.00 | -.09 | -.55 | -4.43 | -20.36 | .70 | -.10 S | -13.3 | 59.0 | 3.6 | 13.1 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Oakbrook Cons | OKCO | 17.00 | 15.50 | 16.00 | -2.00 | -11.11 | 20.00 | 15.00 | -.58 | .97 | 1.45 | -50.00 | .84 | .15 F | 21.7 | -10.0 | .3 | 19.0 | .32 | 2.0 | 12-08-83 | 160.4 | .5 | .7 | 7.17 | 14.49 | 0983 |
| Ogden Corp | OG | 29.50 | 25.63 | 28.00 | 2.38 | 9.27 | 34.38 | 24.50 | .32 | .69 | -2.89 | -7.32 | 2.64 | .69 F | 35.3 | -7.0 | 3.0 | 10.6 | 1.80 | $.4 | 03-08-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 6.63 | 6.50 | 6.50 | .00 | .00 | 9.00 | 5.88 | .37 | .29 | .90 | -33.26 | .43 | .15 S | 44.1 | 65.0 | 4.8 | 13.3 | .10 | 1.5 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 2.88 | 1.75 | 2.63 | .75 | 40.00 | 15.13 | 1.50 | -.85 | -1.47 | 3.63 | -58.82 | .28 | .04 S | 22.2 | 99.0 | 7.5 | 11.9 | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 41.63 | 39.63 | 40.00 | .38 | .95 | 41.63 | 32.63 | .15 | .02 | -1.92 | .55 | 3.01 | -.22 F | -6.8 | 4.0 | 3.6 | 13.3 | 1.68 | 4.2 | 06-04-84 | 7895.9 | 284.1 | 1.2 | 9.26 | 17.68 | 1282 |
| Piccadilly Caf | PICC | 20.13 | 19.25 | 19.25 | -.75 | -3.75 | 20.50 | 12.75 | .08 | .11 | -8.35 | -7.94 | .99 | .05 N | 4.6 | 5.0 | 3.9 | 17.0 | .60 | 3.1 | 03-09-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 39.00 | 37.00 | 38.13 | -.13 | -.33 | 41.50 | 27.38 | -.10 | 1.24 | .01 | 15.19 | 3.29 | 1.29 S | 47.7 | 14.0 | 3.9 | 9.6 | 1.40 | 3.7 | 04-25-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 10.25 | 9.63 | 9.75 | -.50 | -4.88 | 17.50 | 9.00 | .04 | -.47 | -3.18 | 21.98 | 1.16 | .61 F | 110.9 | 23.0 | 2.4 | 8.4 | .08 | .8 | 04-16-84 | 148.9 | 3.6 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKYQ | 2.00 | 1.50 | 2.00 | .00 | .00 | 26.00 | 1.38 | -.20 | 2.46 | -3.39 | 38.76 | 1.27 | -1.69 N | -150.8 | 86.0 | 7.6 | NE | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Po-Folks | POFO | 13.00 | 12.63 | 12.63 | -.38 | -2.88 | 16.75 | 12.63 | -.02 | -.34 | -2.93 | -10.00 | .37 | .41 Q | NC | 4.0 | 1.9 | 30.8 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.50 | 19.38 | 19.75 | -1.25 | -5.95 | 25.25 | 16.00 | -.05 | -.99 | .76 | -15.38 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 16.7 | .40 | 2.0 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 8.13 | 7.00 | 7.13 | -.75 | -9.52 | 11.88 | 6.88 | -.34 | -.09 | 1.63 | 16.34 | .13 | .86 F | NE | -24.0 | .7 | 54.8 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 14.75 | 14.00 | 14.00 | -.50 | -3.45 | 23.25 | .00 | -.09 | -.69 | -.42 | 54.07 | .57 | .63 Q | NC | 57.0 | 3.8 | 22.2 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.50 | 6.63 | 7.13 | .50 | 7.55 | 10.88 | 6.50 | -.12 | .61 | 2.08 | 60.67 | .38 | .10 F | 12.8 | 31.0 | 1.9 | 8.1 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Restaurant Sys | RSYS | 9.00 | 9.00 | 9.00 | .00 | .00 | 13.50 | 9.00 | -.03 | .32 | 6.20 | -12.57 | .72 | .75 Q | NC | 19.0 | 4.7 | 12.0 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 7.25 | 5.75 | 6.75 | .75 | 12.50 | 23.34 | 5.75 | -.53 | -1.17 | 1.27 | -21.79 | -.17 | .17 Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 18.50 | 17.50 | 18.50 | .75 | 4.23 | 28.25 | 15.50 | .16 | .88 | -4.67 | 28.66 | .52 | .23 Q | 65.7 | 60.0 | 10.8 | 31.9 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 29.63 | 27.75 | 28.75 | .75 | 2.68 | 40.25 | 24.63 | .33 | -.31 | 2.63 | -34.98 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 12.7 | .44 | 1.5 | 05-14-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 9.00 | 8.75 | 8.75 | -.25 | -2.78 | 15.25 | 8.75 | -.35 | .32 | -.09 | -50.00 | .70 | -.17 N | -22.6 | 15.0 | 4.5 | 15.1 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.13 | 8.63 | 8.88 | .25 | 2.90 | 15.00 | 7.50 | .42 | .18 | 3.23 | 15.47 | .23 | .42 Q | 221.0 | 10.0 | 1.2 | 14.5 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 15.25 | 15.00 | 15.25 | .25 | 1.67 | 18.00 | 13.50 | .03 | .83 | -1.70 | -32.14 | 1.19 | .51 F | 75.0 | 17.0 | 2.5 | 12.8 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.25 | 22.63 | 22.63 | -.13 | -.55 | 26.25 | 20.00 | -.11 | .32 | 2.76 | 9.27 | 1.17 | .26 Q | 26.8 | 35.0 | 6.0 | 18.4 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 15.00 | 13.88 | 15.00 | 1.00 | 7.14 | 20.50 | 13.75 | .13 | .00 | 4.75 | -33.48 | 1.24 | 1.31 Q | NC | 33.0 | 3.5 | 11.5 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 7.25 | 6.25 | 6.25 | -.75 | -10.71 | 12.75 | 6.25 | -.65 | -3.53 | -.62 | 6.58 | .14 | .14 F | NC | 65.0 | 4.4 | 44.6 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 12.50 | 11.50 | 12.50 | .50 | 4.17 | 16.25 | 8.75 | 1.13 | .73 | 4.37 | -25.35 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 12.0 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 11.25 | 9.75 | 10.00 | -.88 | -8.05 | 15.50 | 9.00 | .47 | -1.46 | -1.03 | 24.88 | .81 | .14 Q | 20.8 | 26.0 | 4.0 | 12.3 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.00 | 18.50 | .50 | 2.78 | 22.00 | 16.50 | .08 | 1.15 | -7.36 | -28.89 | 1.02 | .65 F | 175.6 | -6.0 | 2.3 | 18.1 | .26 | 1.4 | 10-05-83 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.38 | 4.25 | 4.25 | .00 | .00 | 7.50 | 3.88 | -.13 | -.66 | -1.75 | -3.94 | .27 | .05 N | 19.2 | 75.0 | 3.8 | 13.7 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 6.13 | 5.75 | 5.75 | .00 | .00 | 10.00 | 5.38 | -.76 | -.74 | 2.94 | 72.35 | .29 | .07 Q | 31.8 | 67.0 | 2.1 | 19.8 | .00 | .0 | 05-17-79 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF | TGI | 12.63 | 11.38 | 11.63 | -1.00 | -7.92 | 17.88 | 10.00 | .16 | .51 | -1.61 | -9.17 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| TGIF Texas | TEXF | 3.75 | 3.75 | 3.75 | .00 | .00 | 7.50 | 3.75 | -.04 | .25 | 1.94 | -20.00 | .02 | .05 N | NC | 58.0 | .0 | 75.0 | .00 | .0 | 00-00-00 | 4.8 | .0 | .5 | 3.50 | -.17 | 1282 |
| Victoria Stations | VSTA | 7.00 | 5.13 | 5.50 | -1.25 | -18.52 | 13.63 | 5.13 | -.78 | -4.54 | -1.13 | 46.58 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 15.88 | 14.63 | 15.00 | .38 | 2.56 | 16.50 | 10.78 | .40 | -.08 | .10 | -28.74 | 1.01 | .19 Q | 21.8 | 21.0 | 7.7 | 14.2 | .24 | 1.6 | 05-01-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 9.25 | 9.00 | 9.25 | .25 | 2.78 | 16.75 | 9.00 | -.22 | 1.14 | -.57 | 17.14 | .92 | -.07 N | -6.1 | 7.0 | 3.1 | 8.7 | .16 | 1.7 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 8.88 | 8.38 | 8.50 | -.50 | -5.56 | 17.13 | 8.38 | -.41 | -.11 | 1.66 | -9.97 | .63 | -.06 Q | -9.2 | 12.0 | 3.3 | 14.4 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Associated Hosts' 1st-half profit jumps 53%

BEVERLY HILLS, Calif.—Associated Hosts Inc., owner of the Bombay Bicycle Club chain, has reported a 36.1% gain in net profit to $1.1 million for its second quarter ended March 29, and a 13% increase in revenue to $24.4 million, compared to the same period last year.

For the first half, AH's net profit was up 52.7% over last year to $1.9 million on a 12% gain in revenue to $47.1 million.

Now, little more than two months after retail giant K mart Corp. broke off its tentative agreement to swap $80 million in stock for the 26-state group of 77 dinnerhouses and three hotels, Associated Hosts appears undaunted. On its own, the company continues racking up major gains from its program of conversions to the Bombay Bicycle Club format.

Made over mostly from AH's Smuggler's Inn units, Bombay Bicycle Clubs "continue to fuel our growth in sales and earnings," said AH's 78-year-old founder and board chairman, Joseph Bulasky. During the second quarter AH opened three more such conversions, bringing the total to 29 BBCs.

The 30th BBC conversion opened in April, to be followed by two more in the third quarter, and four in the closing quarter, Bulasky indicated.

Bulasky said leases have recently been finalized on two more sites, one in southern California and one in the Midwest, while negotiations on "several more" locations continue.

Bulasky—who began his career in 1931 with a hotel in Reno, Nev., and then went on to pioneer the original California-style coffee shop format with his Coffee Dan's chain in the mid-40's—had led Associated Hosts through its recent dramatic profit resurgence.

Net profit of $3.2 million for the year ended last Sept. 29 were up 85% over 1982, when AH reached its lowest profit ebb since 1975. The company's aggressive strategy of swapping other concepts for the more contemporary Bombay Bicycle clubs has resulted in almost immediate doubling of annualized unit volumes to about $2 million in converted units, with gains in liquor volume from about 35% to about half of all sales.

## Denny's 3rd-qtr. net profit rises 17% to $9.4 million as revenue jumps 14%

LA MIRADA, Calif.—Denny's has posted a 17% year-to-year increase in net profit to $9.4 million for the third quarter ended March 30. Quarterly revenue was up 14% to $295.6 million, while operating income was up 18% to $24.9 million.

Nine-month net profit was $33.6 million on revenue of $909 million, increases from the same period last year of 15.3% and 16.2%, respectively. Nine-month operating income was up 20% to $83.8 million.

Denny's president Vern Curtis said restaurant division sales were up 12% in the third quarter to $230.6 million, with operating income up 21% to $20.5 million. Restaurant operating margins were 8.9% vs. 8.2% a year ago. Average sales of company-operated domestic units rose 5% over the year-ago quarter to $238,000; menu prices rose about 3.5%.

Winchell's doughnut sales of $46.7 million were up 17% for the quarter, while operating income rose 9% to $3.7 million. Winchell's operating margins dipped mainly from higher commodity costs to 8% from 8.7% in last year's third quarter.

Curtis traced improved results in restaurant sales to the $1.99 "Build-a-Breakfast" promotion that began chainwide in February, adding traffic during the promo's weekday morning hours through the attraction of a variety of breakfast-component options offered at a fixed price.

Winchell's $2.79-a-dozen doughnut promo "broadens our market base to include homemakers and other volume buyers," resulting in "major real sales increases," Curtis said. Average Winchell's unit sales were up 13% from a year ago to $55,300 in the third quarter; menu prices went up about 2%.

Denny's El Pollo Loco division is currently acquiring sites from a fast-food competitor, Curtis said. Pollo Loco will convert the unspecified number of sites to a newly completed free-standing design prototype, including drive-through.

Pollo Loco, with six company and 14 franchised units, reported an operating loss of $307,000 on revenue of $1.55 million for the third quarter. Nine-month operating losses total $286,000 on revenue of $3.1 million. Denny's acquired El Pollo Loco last October; no comparable prior-year figures were released.

Denny's opened 22 coffee shops here and abroad during the third quarter, bringing its systemwide total to 1,234. A total of 10 replacement units opened in the 859-unit Winchell's chain during the same time.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## Collins Foods: Yearly profit up 24% to $15M

NEW YORK—Los Angeles-based Collins Foods International told securities analysts here that net profit for the year ended April 30 would be up at least 24% over fiscal 1983 to a minimum of $15.3 million. Revenue was up about 22% to $395.8 million.

Collins president Richard Bermingham said the as-yet-unaudited results for the year and the fourth quarter would be company records. Fourth-quarter net profit will be in the range of $3.4 million to $3.8 million (a gain over 1983 of at least 50%) on revenue of about $104.9 million, representing a 32% increase over 1983's.

In addition to earnings from operations in fiscal 1984, Collins had a nonrecurring after-tax gain of $3.99 million from sale of its headquarters building. At year end, the company operated 251 Kentucky Fried Chicken units, six Collins Foodservice distribution centers and operated or licensed 451 steakhouses through its 71%-owned Sizzler Steak House subsidiary.

Sizzler president Thomas Gregory told the analysts that the chain's unaudited net profit for the year ended April 30 was approximately $7.85 million, up 36% from last year. Revenue for 1984 were up 11.3% to $142.5 million, Gregory said.

## Merrill Lynch heads $2.3 billion offer to buy Servomation owner

NEW YORK—City Investing Co., owner of contract-feeder Servomation Corp., said an investor group led by Merrill Lynch Capital Markets offered to acquire it through a leveraged buyout for about $2.3 billion in cash and securities. Other bidders, however, were waiting in the wings.

The Merrill Lynch group includes City Investing's chairman and chief executive, George T. Scharffenberger, indicating current management would probably remain in place.

The fate of Servomation was not immediately known. Servomation, which has about $550 million a year in sales, is one of the largest food-service companies in the nation, largely through some 80,000 vending machines located in plants, offices and public arenas.

City Investing also owns the the 350-property low-priced Motel 6 chain, which is a prime candidate to be sold after a leveraged buyout.

The company, however, has had mixed results in the hospitality business. It once owned a major chunk of Sambo's family restaurants and the largely defunct Red Barn fast-food chain.

## 'Efficiencies' up Pioneer net 35%

LOS ANGELES—Pioneer Take Out Corp. has scored a 35.3% increase in net profit to $1.4 million for the year ended Dec. 25. Revenue for fiscal 1983 declined to $44.6 million from $44.8 million the year before.

Pretax profit increased 29.8% in 1983 to $2.4 million.

Pioneer officials said efficiencies implemented early in 1983 were responsible for the profit gains in the face of relatively flat year-to-year revenues. Systemwide sales in the two-thirds-franchised chain of 327 fast-food chicken outlets totaled $92.6 million last year.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| A&M Food Services | 3 mos. | 3/20 | $ 6.400 | 31.0 | | | $ 0.256 | 265.0 |
| Associated Hosts | 3 mos. | 3/29 | | | $ 24.400 | 13.0 | 1.100 | 36.1 |
| | 6 mos. | | | | 47.100 | 12.0 | 1.900 | 52.7 |
| Collins Foods Int'l | 12 mos. | 4/30 | | | 395.800 | 22.0 | 15.300 | 24.0 |
| Denny's | 3 mos. | 3/30 | | | 295.600 | 14.0 | 9.400 | 17.0 |
| | 9 mos. | | | | 909.000 | 16.2 | 33.600 | 15.3 |
| Diversifoods | 3 mos. | 3/31 | | | 125.700 | 15.4 | 5.500 | 10.6 |
| El Torito | 3 mos. | 3/31 | 0.585 | 25.0 | | | 1.566 | 114.0 |
| Esteban's Mexican Foods | 12 mos. | 12/31 | | | 10.500 | 52.0 | 0.416 | |
| | 3 mos. | | 2.890 | 42.0 | | | 0.009 | |
| G. D. Ritzy's | 3 mos. | 4/1 | | | 3.100 | 147.0 | – 0.647 | |
| Hilton Hotels | 4 mos. | | | | | | 25.000 | 3.0 |
| Holiday Inns | 3 mos. | 3/30 | | | 402.500 | 15.0 | 26.000 | 16.0 |
| Morrison | 3 mos. | 2/25 | | | 114.300 | 10.0 | 4.500 | 0.0 |
| | 9 mos. | | | | 341.200 | 10.0 | 14.300 | 9.0 |
| Naugles | 3 mos. | 5/5 | | | 25.700 | 28.0 | – 7.100 | |
| | 10 mos. | 5/5 | | | 86.900 | | – 5.200 | |
| Pan Am | 3 mos. | 3/31 | | | 879.600 | 5.0 | – 70.300 | |
| Pancho's | 6 mos. | 3/31 | | | 14.472 | 25.0 | 0.556 | 41.0 |
| | 3 mos. | | | | 7.551 | | 0.349 | 57.0 |
| Pioneer Take Out | 12 mos. | 12/25 | | | 44.600 | | 1.400 | 35.3 |
| Pizza Inn | 3 mos. | 3/25 | | | 38.000 | 9.5 | 0.805 | – 15.0 |
| Rusty Pelican | 3 mos. | 4/15 | 9.350 | 27.0 | | | 0.558 | 54.0 |
| | 9 mos. | | 24.600 | 17.0 | | | 1.100 | 44.0 |
| Restaurant Assoc. | 3 mos. | 3/31 | | | 30.000 | 9.0 | 0.013 | – 84.0 |
| Saga | 3 mos. | 3/24 | | | 284.000 | 10.0 | 8.200 | 33.0 |
| | 9 mos. | | | | 825.000 | | 24.600 | 18.0 |
| Sandwich Chef | 3 mos. | 3/31 | 6.600 | 24.0 | | | 0.216 | |
| | 9 mos. | | 18.900 | 30.3 | | | 0.486 | |
| Sis Corp. | 3 mos. | 3/31 | 1.400 | 118.0 | | | – 0.960 | |
| Southern Hospitality | 3 mos. | 2/29 | 8.000 | 36.3 | | | 0.190 | 4.4 |
| | 9 mos. | | 25.600 | 36.4 | | | 0.792 | 32.9 |
| T.G.I. Friday's | 3 mos. | 4/2 | | | 65.300 | 23.0 | 3.100 | 35.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

C5150-5A

**Complete NRA Show wrap-up—Pp. 23-51**
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# Nation's Restaurant News®

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BK's Tim Johnson (right), institutional development director, with executive vp Jay Darling and Base Commander Duran at opening of BK's third Navy unit in Norfolk, Va.

*Going private*

## Denny's execs team with Merrill Lynch in leveraged buyout

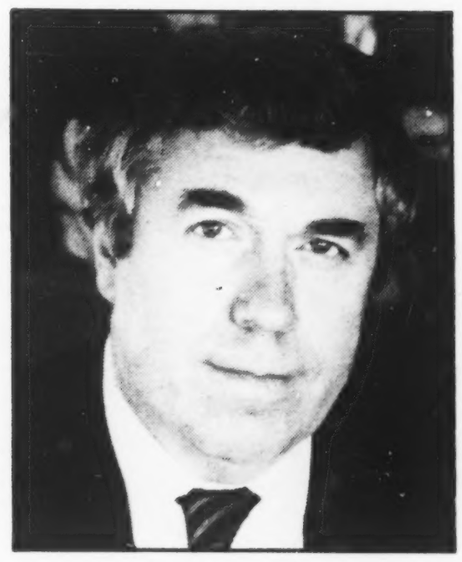
**By Richard Martin**

LA MIRADA, Calif.—President and ceo Vern O. Curtis and about 50 other top executives of Denny's have joined with unidentified institutional investors led by Merrill Lynch's investment banking arm in a bid to buy the 2,120-unit international coffee shop/doughnut shop chain for nearly $800 million.

The leveraged buyout offer of $45 a share for Denny's 17.52 million outstanding shares was unanimously approved by the seven directors on Denny's 11-man board who are not members of the investor group.

Among the nonparticipants is chairman Verne H. Winchell, founder of Winchell's and Denny's largest shareholder, who stands to receive about $54 million for his approximate 8% share of all Denny's stock.

Denny's would become a private company, held in as-yet-unspecified proportions by current management and the outside investors, including Merrill Lynch Capital Markets, which—with stipulations from Curtis on the broad equity involvement of Denny's execs—was the principal architect of the buyout plan.



Vern Curtis

Merrill Lynch is expected to conclude the so far unfinished financing arrangements for the proposed purchase using Denny's assets as collateral; in so doing, the deal to go private is like most other leverage buyouts (LBOs)—an increasingly

*(Continued on page 132)*

## Burger King clinches landmark military deal

### Signs agreement to build 185 units over next 5 years

**By Joe Edwards**

MIAMI—Burger King will open as many as 185 restaurants on Army and Air Force bases worldwide in the next five years under terms of a landmark franchising agreement it signed last month with the Army and Air Force Exchange Service (AAFES), a branch of the Defense Department.

This deal has the potential of catapulting Burger King ahead of other fast feeders in the development of institutional markets, an increasingly important arena as traditional sites become scarce and chains look elsewhere for growth.

Burger King, McDonald's and several other national fast-food chains have been opening units in nontraditional locations such as transportation centers, military bases, retail stores, and high schools and colleges, but Burger King's development pact with AAFES is the largest to date by a wide margin.

In what may signal the start of a new era in both fast-food expansion and military feeding, AAFES will operate traditional Burger King restaurants on Army and Air Force bases in the United States, Europe and the Pacific region beginning

*(Continued on page 132)*

## Nation's Restaurant News going weekly

NEW YORK—*Nation's Restaurant News*, the biweekly newspaper of the food-service industry, is changing to a weekly frequency with its Oct. 8 issue.

The decision to go weekly came as a result of extensive market research and readership studies, all of which pointed to the need for greater frequency of coverage of the volatile $160 billion food-service market.

"It became obvious to us," said J. Roger Friedman, president of Lebhar-Friedman Inc., publisher of *Nation's Restaurant News*, "that the dynamic, thriving food-service industry needs more intense coverage, that this could be accomplished only through a weekly newspaper."

*Nation's Restaurant News*' going weekly is the logical culmination of a publishing cycle which started with a magazine dedicated to the coverage of the old drug store and 5 and 10 soda fountains and lunch counters. In 1954, when food-service chains started to develop into an industry force, the publication was expanded to cover all facets of the business.

In 1967 the magazine, *Chain Store Age Restaurant Edition*, was transformed into the biweekly *Nation's Restaurant News*, which as a tabloid paper expanded its coverage to all phases of the emerging food-service field.

Now that the food-service industry has spurted to $160 billion in annual sales and

*(Continued on page 132)*

## Takeover battle stalls European Disneyland

**By Donald Jeffrey**

Walt Disney Productions, which had been "aggressively seeking sites" for its first European Disneyland, has put plans aside for now because of its embroilment in a takeover flight with New York financier Saul Steinberg.

"The Steinberg affair has put [EuroDisneyland] on hold because of the time top management must be dealing with it," said Erwin Okun, Disney's corporate communications vice president.

This fight for control of the company has involved a series of strategic moves and counter-attacks, including the multi-million-dollar purchase of a development company, lawsuits to block that sale and the filing for a proxy-like fight to unseat Disney's board of directors.

Meanwhile Disney, although encouraged by the success of two movies it released this year, experienced a 26% decline in profit in the winter quarter—due in part to a 17% drop in attendance at its Magic Kingdom and Epcot Center in Florida. A weakening of investor confidence made it vulnerable to a takeover.

Steinberg, who began purchasing large blocks of Disney shares earlier this year, declared his intention to obtain a controlling interest in the company. In early June he owned, through his Reliance Financial Services Corp., 12.2% of the shares.

It had been rumored that Marriott Corp. was going to join Steingberg's takeover bid, but spokesman Al Rankin said Marriott had "no intention to acquire, or to join with any group in acquiring, Disney stock."

At presstime, Steinberg had decided to try to take control of Disney through a "consents solicitation." Analysts said this indicated "weakness" in Steinberg's bid for control. A spokesman for Steinberg said, "We contend it is not a sign of weakness. We're going ahead with that." The spokesman also said Steinberg was still "considering all options," including a merger offer and a proxy solicitation. Asked about greenmail—the practice of selling stock back to a company at a higher price—she said, "That's

*(Continued on page 132)*

## LATE NEWSBREAKS

**Pizza Hut has just launched barbecued pizza in Wichita and 25% of its units, following a successful five-month test in Green Bay, Wis., and other selected markets.**

**Ponderosa reported a 51% net profit gain to $4.5 million on a 21% revenue jump to $121.4 million for its first quarter ended May 17, compared to the same period last year. The 659-unit family steakhouse chain is extending its breakfast buffet rollout to 400 units.**

**Concessions International, Atlanta-based contract management concessionaire at Cleveland, New Orleans and Los Angeles airports, is opening one of the largest airport food-service facilities in the world—a single 25,768-sq.-ft. area, the size of a city block—this month at revamped Los Angeles International Airport.**

## Brock looks to slice away a big chunk of Pizza Time

DALLAS—It sounds like part of a plot from a Greek tragedy, but Brock Hotel officials say they expect to conclude a deal to take over at least some of the operations of Chapter 11-locked Pizza Time Theatre.

Brock executives say they'd like to meld some of Sunnyvale, Calif.-based Pizza Time's profitable operations into their own similar ShowBiz chain.

The irony of the prospective embrace of Pizza Time by ShowBiz's parent Brock resides in the fact that Brock got into the pizza/entertainment segment as a territorial licensee of Pizza Time.

Only when Brock officials calculated that the cost of a break-away settlement would be less than paying royalties to computer genius Nolan Bushnell's Pizza Time creation did they go their own way with ShowBiz.

Pizza Time executives appear hopeful that the stepchild will indeed take at least a good bite of the parent, although a final deal still faces a multiplicity of obstacles.

Pizza Time sought Chapter

*(Continued on page 132)*

*FINANCIAL NEWS*

# RA first-quarter net drops 84%

NEW YORK—With the company's recent investment in the Acapulco y Los Arcos Mexican restaurant chain draining its bottom line, Restaurant Associates Industries posted a net profit of only $13,000 for the first quarter ended March 31, an 84% decline from last year's first quarter.

Revenue increased 9% over the year-earlier quarter from $27.5 million to just under $30 million.

Excluding charges of approximately $280,000 (primarily interest expense) related to the December 1983 investment in Acapulco Restaurants, first-quarter pretax income from Restaurant Associates-owned restaurant and newsstand operations improved by 44.9% over last year's quarter, to $213,000.

Restaurant Associates Industries operates more than 85 restaurants in the Eastern United States, 30 restaurants in California, Washington and Oregon (through a company 39% owned by RA) and 131 newsstands and giftshops in major cities.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended June 1 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | | | | | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Monthly Change | | 52-Week | | | | | | Last Fiscal Year | | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | | | | | Amt. | Yield | | Revenue | Earnings | | | | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 6.50 | 5.50 | 5.88 | -.63 | -9.62 | 8.75 | .00 | -.67 | 1.21 | -.11 | -12.93 | .40 | .44 | Q | NC | 10.0 | 4.3 | 13.4 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.88 | 3.88 | 4.88 | 1.00 | 25.81 | 7.25 | 3.88 | .35 | 4.53 | 2.68 | .71 | -2.05 | -2.13 | Q | -775.0 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 14.13 | 13.50 | 14.00 | .25 | 1.82 | 18.75 | 12.69 | .06 | -.13 | -.12 | -48.63 | 1.67 | .18 | Q | 12.0 | 39.0 | 2.1 | 8.3 | .40 | 2.9 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 14.38 | 12.50 | 13.38 | -1.00 | -6.96 | 19.25 | 12.50 | -.22 | -.33 | .86 | -43.50 | 1.26 | .27 | S | 23.8 | 42.0 | 8.6 | 9.6 | .15 | 1.1 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 45.25 | 41.25 | 45.00 | .50 | 1.12 | 55.25 | 40.25 | .35 | 1.43 | 3.91 | -1.04 | 4.37 | 1.21 | Q | 36.7 | -3.0 | 1.7 | 10.0 | 2.10 | 4.7 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 12.63 | 11.50 | 12.38 | -.13 | -1.00 | 18.50 | 10.50 | -.18 | -.57 | -5.98 | -37.02 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 14.4 | .12 | 1.0 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.50 | 2.88 | 3.50 | .13 | 3.70 | 9.25 | 2.88 | -.46 | 3.31 | 2.09 | -7.26 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 17.75 | 16.50 | 16.75 | -1.00 | -5.63 | 26.81 | 16.50 | -.24 | -.51 | 4.37 | 61.75 | .89 | .14 | N | 16.8 | 21.0 | 7.5 | 17.3 | .26 | 1.6 | 05-07-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.00 | 4.38 | 4.75 | -.25 | -5.00 | 10.75 | 4.38 | -.51 | .00 | .73 | -23.63 | .17 | -.38 | F | -69.0 | -4.0 | .7 | 27.9 | .10 | 2.1 | 04-17-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calny Food | CLNY | 8.25 | 7.25 | 7.50 | -1.25 | -14.29 | 11.19 | 7.25 | .09 | -1.56 | 4.71 | -3.31 | .52 | .07 | F | 15.5 | 3.0 | 4.8 | 14.4 | .16 | 2.1 | 04-25-84 | 43.6 | 2.1 | .4 | 2.48 | 1.49 | 0283 |
| Captain Crab's | CRAB | 4.88 | 3.63 | 3.75 | -.88 | -18.92 | 8.38 | 3.50 | -.90 | -2.14 | -1.81 | 16.44 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 8.75 | 8.00 | 8.38 | -.38 | -4.29 | 11.88 | 6.13 | .24 | -1.32 | -1.02 | 13.48 | .50 | .26 | Q | 83.8 | 99.0 | 3.7 | 14.7 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 15.88 | 13.25 | 15.88 | .63 | 4.10 | 29.00 | 13.25 | -.45 | 4.42 | 5.89 | -11.50 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 30.0 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 14.00 | 13.75 | 14.00 | .50 | 3.70 | 18.38 | 13.00 | -.23 | -.04 | .83 | 5.08 | .29 | .24 | S | NC | 5.0 | 5.8 | 58.3 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 12.50 | 11.13 | 11.38 | -1.00 | -8.08 | 24.38 | 10.25 | -.54 | -.52 | .26 | -69.28 | .64 | -.01 | S | -2.0 | -4.0 | 2.9 | 23.7 | .50 | 4.4 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 27.50 | 22.75 | 24.75 | -2.63 | -9.59 | 33.50 | 21.25 | .07 | -.55 | 3.06 | -15.45 | 1.66 | -.53 | F | -24.2 | 3.0 | 6.8 | 14.9 | .80 | 3.2 | 05-07-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 18.38 | 16.63 | 18.25 | 1.75 | 10.61 | 21.63 | 14.75 | .77 | .75 | .62 | 5.70 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 10.7 | .20 | 1.1 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 18.50 | 18.50 | 18.50 | -.25 | -1.33 | 22.13 | 14.53 | .52 | -.24 | -7.67 | -31.00 | .08 | .57 | S | NC | 86.0 | 1.3 | 32.5 | .00 | .0 | 02-10-84 | 7.8 | .1 | 1.0 | .40 | 1.99 | 0683 |
| Consul Corp | CNSL | 12.25 | 10.75 | 12.25 | .13 | 1.03 | 18.75 | 10.75 | .03 | 2.97 | 1.46 | 1.97 | .26 | .14 | N | 70.0 | 39.0 | 2.5 | 36.0 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 18.75 | 18.25 | 18.75 | .50 | 2.74 | 27.34 | 15.75 | .25 | .02 | 3.51 | 4.50 | .86 | .10 | S | 12.5 | 25.0 | 4.4 | 20.8 | .14 | .7 | 02-28-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 41.38 | 32.25 | 39.50 | 6.13 | 18.35 | 41.38 | 29.00 | .46 | 4.63 | 9.13 | 27.26 | 2.54 | .15 | S | 5.8 | 12.0 | 3.8 | 14.6 | .72 | 1.8 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 68.50 | 61.63 | 64.25 | 1.25 | 1.98 | 73.63 | 47.25 | .33 | -1.54 | 3.85 | -13.90 | 2.70 | -.54 | Q | -18.0 | -6.0 | 7.1 | 26.2 | 1.20 | 1.9 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 15.25 | 14.25 | 15.00 | -.25 | -1.64 | 23.38 | 12.75 | -.02 | .37 | -3.84 | 2.44 | .99 | .03 | Q | 3.1 | 70.0 | 6.8 | 15.2 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 20.63 | 20.13 | 20.25 | -.50 | -2.41 | 28.75 | 18.13 | .07 | -.72 | 2.21 | -25.08 | 1.62 | .22 | Q | 15.0 | 24.0 | 10.2 | 12.1 | .28 | 1.4 | 05-07-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 10.75 | 9.63 | 10.50 | -.25 | -2.33 | 13.13 | 9.00 | -.13 | 1.49 | .93 | 27.62 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.38 | 1.25 | 1.25 | -.13 | -9.09 | 4.63 | 1.13 | -.51 | -.48 | -.76 | -8.12 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 20.8 | .00 | .0 | 00-00-00 | 6.1 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 26.13 | 25.38 | 26.00 | .50 | 1.96 | 32.94 | 16.47 | .38 | .09 | 1.60 | 51.61 | 1.85 | .77 | S | 51.3 | 25.0 | 3.7 | 11.5 | .40 | 1.5 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 4.88 | 4.50 | 4.63 | -.50 | -9.76 | 15.88 | 4.00 | -.31 | -.26 | .10 | -13.98 | -.48 | -.28 | F | NE | 7.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 51.50 | 49.38 | 50.25 | .18 | .25 | 57.00 | 41.63 | .33 | -.16 | 3.02 | -45.01 | 4.89 | .77 | N | 17.3 | 17.0 | 4.4 | 9.6 | 2.04 | 4.1 | 04-04-84 | 5550.8 | 245.1 | 1.2 | 9.71 | 25.68 | 0583 |
| Hambrg Hamlet | HAMB | 9.75 | 9.75 | 9.75 | .00 | .00 | 12.00 | 9.50 | .02 | -.24 | -8.02 | .00 | -1.10 | -1.81 | N | -161.6 | -30.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 50.13 | 47.63 | 49.00 | -.88 | -1.75 | 59.50 | 47.50 | .22 | .12 | 2.45 | 23.97 | 4.20 | 1.08 | F | 34.6 | 6.0 | 16.8 | 11.7 | 1.80 | 3.7 | 05-25-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 42.88 | 39.38 | 42.75 | 2.88 | 7.21 | 59.00 | 38.25 | .16 | 1.72 | -2.19 | 23.25 | 3.28 | .78 | Q | 30.0 | 13.0 | 7.8 | 12.6 | .90 | 2.1 | 03-12-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 16.88 | 14.38 | 15.50 | -1.13 | -6.77 | 30.78 | 14.38 | -.75 | -.18 | .70 | 28.07 | 1.15 | 37 | Q | 46.8 | 71.0 | 4.0 | 13.4 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 7.00 | 5.88 | 6.25 | -.50 | -7.41 | 10.75 | 5.75 | .23 | -.19 | 1.79 | 17.41 | .00 | .61 | S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 38.00 | 39.50 | 1.50 | 3.95 | 40.00 | 29.50 | .08 | .02 | 2.53 | -31.19 | 2.94 | .81 | Q | 35.3 | 57.0 | 6.2 | 12.7 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 16.63 | 15.50 | 15.75 | -1.00 | -5.97 | 23.00 | 12.50 | .52 | -.40 | -6.13 | -37.50 | .92 | .70 | N | 100.0 | 60.0 | 4.8 | 11.3 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 12.00 | 11.00 | 11.50 | -.38 | -3.16 | 18.13 | 10.38 | .42 | .03 | 2.81 | -74.37 | 1.00 | .05 | S | 5.0 | 20.0 | 4.1 | 11.1 | .20 | 1.7 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 15.00 | 13.63 | 14.88 | -.75 | -4.80 | 22.63 | 11.88 | .47 | .84 | -2.23 | 13.86 | 1.33 | -.07 | S | -5.3 | 17.0 | 4.6 | 12.0 | .12 | .8 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.38 | 3.13 | 3.25 | .00 | .00 | 10.75 | 2.88 | .26 | -.19 | -2.05 | 72.50 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 5.25 | 4.88 | 4.88 | -.38 | -7.14 | 18.75 | 4.75 | -1.26 | -1.59 | .82 | 21.34 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 48.8 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 24.00 | 20.50 | 24.00 | 3.00 | 14.29 | 43.75 | 18.75 | -.10 | 3.28 | 1.72 | 35.91 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 15.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 33.63 | 31.50 | 32.25 | -.75 | -2.27 | 39.75 | 29.50 | .21 | -.08 | -1.05 | 29.74 | 1.53 | .22 | S | 15.3 | 27.0 | 9.8 | 19.5 | .60 | 1.9 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.25 | 11.88 | 12.25 | .00 | .00 | 15.13 | 11.38 | .22 | -.02 | 2.88 | -7.89 | 1.28 | .13 | N | 10.6 | 6.0 | 6.1 | 9.1 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 63.25 | 60.00 | 62.50 | -.13 | -.20 | 81.00 | 58.50 | .05 | .50 | -.22 | -5.06 | 4.15 | .71 | F | 20.6 | 37.0 | 3.8 | 15.1 | .44 | .7 | 03-19-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 64.88 | 61.25 | 64.88 | .63 | .97 | 74.38 | 55.75 | -.04 | .67 | 1.41 | 6.40 | 5.74 | .74 | F | 14.8 | 24.0 | 11.2 | 11.3 | 1.16 | 1.8 | 05-23-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 13.75 | 13.25 | 13.38 | -.88 | -6.14 | 21.06 | 13.13 | .02 | -.90 | -.33 | -2.27 | 1.34 | .19 | S | 15.4 | 13.0 | 4.5 | 9.4 | .40 | 3.0 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.63 | 2.13 | 2.50 | -.13 | -4.76 | 3.50 | 2.13 | -.14 | 2.07 | -3.85 | 21.63 | .15 | .34 | S | NE | -25.0 | 1.1 | 19.2 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.00 | 1.88 | 2.00 | .00 | .00 | 3.63 | 1.66 | -.14 | 1.53 | -1.78 | -27.36 | .09 | .12 | N | 120.0 | 25.0 | 1.1 | 9.1 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 8.38 | 7.63 | 7.75 | -.75 | -8.82 | 32.75 | 7.63 | -.41 | -2.23 | .03 | -15.32 | .70 | -.10 | S | -13.3 | 59.0 | 3.6 | 11.9 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Ogden Corp | OG | 28.25 | 26.00 | 27.25 | -.75 | -2.68 | 34.38 | 24.50 | .47 | .56 | -2.61 | 13.56 | 2.64 | .69 | F | 35.3 | -7.0 | 3.0 | 10.3 | 1.80 | 6.6 | 06-08-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 6.63 | 6.25 | 6.38 | -.13 | -1.92 | 9.00 | 5.88 | .40 | -.47 | 1.63 | 34.76 | .43 | .15 | S | 44.1 | 65.0 | 4.8 | 13.0 | .10 | 1.6 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 2.50 | 2.25 | 2.50 | -.13 | -4.76 | 15.13 | 1.50 | 1.42 | -.72 | .39 | 1.85 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 41.50 | 39.63 | 41.50 | 1.50 | 3.75 | 41.63 | 32.63 | .25 | .60 | -.92 | .16 | 3.01 | -.22 | F | -6.8 | 4.0 | 3.6 | 13.8 | 1.68 | 4.0 | 06-04-84 | 7895.9 | 284.1 | 1.2 | 9.26 | 17.68 | 1282 |
| Piccadilly Caf | PICC | 19.63 | 18.88 | 19.63 | .38 | 1.95 | 20.50 | 12.75 | .08 | .28 | .59 | 35.48 | .99 | .05 | N | 4.6 | 5.0 | 3.9 | 17.4 | .60 | 3.1 | 06-04-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 39.50 | 35.50 | 39.25 | 1.13 | 2.95 | 41.50 | 27.75 | -.03 | .78 | -1.37 | 20.81 | 3.29 | 1.29 | S | 47.7 | 14.0 | 3.9 | 9.8 | 1.40 | 3.6 | 04-25-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 9.63 | 8.38 | 9.25 | -.50 | -5.13 | 17.50 | 8.38 | -.30 | .33 | 3.72 | 5.96 | 1.14 | .38 | Q | 53.5 | 30.0 | 2.5 | 8.5 | .08 | .9 | 04-16-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 13.25 | 12.75 | 13.25 | .63 | 4.95 | 16.75 | 12.63 | .20 | .55 | .83 | -5.97 | .37 | .41 | Q | NC | 4.0 | 1.9 | 32.3 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.00 | 19.13 | 21.00 | 1.25 | 6.33 | 25.13 | 16.00 | -.20 | 1.40 | -1.60 | 25.77 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 17.8 | .40 | 1.9 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 7.38 | 6.50 | 7.00 | -.13 | -1.75 | 11.88 | 6.50 | -.34 | -.39 | 3.50 | -2.34 | .13 | .86 | F | NE | -24.0 | .7 | 53.8 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 14.25 | 12.50 | 14.25 | .25 | 1.79 | 23.25 | .00 | -.14 | 2.03 | 4.62 | 48.35 | .57 | .63 | Q | NC | 57.0 | 3.8 | 22.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.25 | 6.88 | 7.13 | .00 | .00 | 10.88 | 6.50 | .39 | .84 | -1.75 | -6.41 | .88 | .10 | F | 12.8 | 31.0 | 1.9 | 8.1 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Restaurant Sys | RSYS | 9.00 | 9.00 | 9.00 | .00 | .00 | 13.50 | 9.00 | .23 | -.23 | .90 | 33.33 | .72 | .75 | Q | NC | 19.0 | 4.7 | 12.0 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 6.50 | 5.75 | 6.25 | -.50 | -7.41 | 23.34 | 5.75 | .29 | -.19 | -3.22 | 2.90 | -.17 | .17 | Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 18.25 | 16.88 | 17.25 | -1.25 | -6.76 | 28.25 | 15.50 | .24 | -.53 | 2.32 | 19.08 | .52 | .23 | Q | 65.7 | 60.0 | 10.8 | 29.7 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 29.25 | 27.75 | 28.50 | -.25 | -.87 | 40.25 | 24.63 | .31 | -.01 | -1.09 | 28.65 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 12.6 | .44 | 1.5 | 05-14-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 8.75 | 7.75 | 7.75 | -1.00 | -11.43 | 15.25 | 7.75 | -.21 | -.82 | 4.19 | -51.30 | .70 | -.17 | N | -22.6 | 15.0 | 4.5 | 13.4 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.88 | 9.00 | 9.88 | 1.00 | 11.27 | 15.00 | 7.50 | .79 | .81 | 3.73 | -20.45 | .23 | .42 | Q | 221.0 | 10.0 | 1.2 | 16.2 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 15.50 | 15.00 | 15.50 | .25 | 1.64 | 18.00 | 13.50 | .34 | .23 | 8.29 | -3.41 | 1.19 | .51 | F | 75.0 | 17.0 | 2.5 | 13.0 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 23.00 | 21.63 | 22.75 | .13 | .55 | 26.25 | 20.00 | .08 | -.03 | 4.34 | 7.41 | 1.17 | .26 | Q | 26.8 | 35.0 | 6.0 | 18.5 | .16 | .7 | 01-04-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 14.75 | 14.25 | 14.75 | -.25 | -1.67 | 20.50 | 13.75 | .46 | .66 | -2.22 | -7.25 | 1.24 | 1.31 | Q | NC | 33.0 | 3.5 | 11.3 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 7.00 | 6.25 | 6.25 | .00 | .00 | 12.75 | 6.25 | -.38 | .14 | 3.35 | -25.57 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 44.6 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 12.50 | 11.50 | 12.25 | -.25 | -2.00 | 16.25 | 8.75 | 1.04 | 1.22 | .22 | -26.62 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 11.8 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 11.00 | 9.50 | 11.00 | 1.00 | 10.00 | 15.50 | 9.00 | .10 | 2.88 | -3.18 | 9.12 | .81 | .14 | Q | 20.8 | 26.0 | 4.0 | 13.6 | .06 | .5 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.00 | 18.50 | .00 | .00 | 22.00 | 16.50 | .35 | -.24 | 4.80 | -50.00 | 1.02 | .65 | F | 175.6 | -6.0 | 2.3 | 18.1 | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 4.25 | 3.88 | 3.88 | -.38 | -8.82 | 7.50 | 3.88 | -.11 | -1.81 | -1.44 | -21.83 | .27 | .05 | N | 19.2 | 75.0 | 3.8 | 12.5 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 5.75 | 4.88 | 5.25 | -.50 | -8.70 | 10.00 | 4.88 | -.42 | -1.44 | 2.40 | -17.49 | .29 | .07 | Q | 31.8 | 67.0 | 2.1 | 18.1 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF | TGI | 11.75 | 10.75 | 11.63 | .00 | .00 | 17.88 | 10.00 | -.17 | 1.25 | .91 | 27.01 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| TGIF Texas | TEXF | 3.75 | 3.75 | 3.75 | .00 | .00 | 7.50 | 3.75 | .22 | -.32 | 3.27 | 6.25 | .02 | .05 | N | NC | 58.0 | .0 | 75.0 | .00 | .0 | 00-00-00 | 4.8 | .0 | .5 | 3.50 | -.17 | 1282 |
| Victoria Stations | VSTA | 6.25 | 5.13 | 6.00 | .50 | 9.09 | 13.63 | 5.13 | -.35 | -1.41 | .64 | -57.81 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 15.75 | 14.38 | 15.63 | .63 | 4.17 | 16.50 | 10.78 | .41 | 1.53 | 1.68 | 12.36 | 1.01 | .19 | Q | 21.8 | 21.0 | 7.7 | 14.7 | .24 | 1.5 | 05-01-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 9.25 | 9.25 | 9.25 | .00 | .00 | 16.75 | 9.00 | .27 | -.26 | -1.67 | 11.39 | .92 | -.07 | N | -6.1 | 7.0 | 3.1 | 8.7 | .16 | 1.7 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 8.50 | 7.75 | 8.00 | -.50 | -5.88 | 17.13 | 7.75 | -.31 | .07 | 3.01 | 5.15 | .63 | -.06 | Q | -9.2 | 12.0 | 3.3 | 13.6 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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## FINANCIAL NEWS

# Diversifoods 1st-qtr. net up 10.6% to $5.5M

ITASCA, Ill.—Diversifoods, the multifaceted food-service company formed by the merger of Chart House and Godfather's Pizza, posted a net profit of $5.5 million for the first quarter ended March 31, a 10.6% increase over year-earlier results.

Revenue for the quarter reached $125.7 million, a 15.4% gain over comparable 1983 figures.

Not included in these figures, however, is 1983 income from two discontinued operations—Cork 'N Cleaver steakhouses and Cisco's Mexican dinnerhouses.

While both concepts continue to have some units in operation, they will not play a role in the company's future. Sites will either be converted to Moxie's (a new gourmet hamburger concept) or sold off by year end, according to company sources.

In assessing Diversifoods' performance since the merger in late 1983, president and ceo Donald N. Smith noted that "revenues of all restaurant operating divisions increased over 1983" while "margins declined." (Current operating divisions include Godfather's Pizza, Luther's Bar-B-Q, franchised Burger Kings, Chart House restaurants and Moxie's.)

The decline in margins for the first quarter, Smith explained, were directly related to the company's new direction, which should begin to yield vast improvements in performance for the third and fourth quarters of this year. He cited such expenses as new product promotion and introduction, staffing increases associated with new restaurant development and the reorganization of the Godfather's Pizza division.

While Diversifoods had a net increase of nine company and 20 franchised restaurants for the first quarter, Smith said, the company and its franchisees plan to open or convert some 275 restaurants during the remainder of fiscal 1984, with the bulk of new unit development coming in the third and fourth quarters.

Diversifoods currently operates or franchises more than 1,400 restaurants in 46 states, Canada, Puerto Rico and the U.S. Virgin Islands. It is the largest Burger King franchisee with 377 units which account for some 60% of the company's pretax operating profit and half of its over $500 million annual revenue.

# Profit surge has Rusty Pelican looking East

IRVINE, Calif.—Rusty Pelican is eying possible entry into major metropolitan markets on the East Coast while preparing to enter three new markets—Dallas, Kansas City and Seattle—over the next year.

Officials of the 12-unit, five-state chain of seafood dinnerhouses say expansion plans have been bolstered by steady financial gains, reflected most recently in a 54% increase in net profit to $558,000 for the third quarter ended April 15. Sales in the period were up 27% to $9.35 million.

Through nine months, net profit was up 44% to $1.1 million on a 17% gain in sales to $24.6 million, compared to the same period a year ago. The company credits "continued strong sales" in its newest unit, opened in Chicago last summer, for much of this year's improvement.

Executive vp Jim Bowie said Rusty Pelican is looking for two more sites in the new Chicago market, and would open individual units in the new markets of Dallas in July and Kansas City, Mo., in October. The company's 13th unit is due to open this month in Brea, Calif.

Bowie said construction would start this summer on two more units in the company's principal territory, California, as well as in another new market, Seattle. All three units are expected to open during the early part of 1985.

Seven new units that have opened in the Rusty Pelican chain since 1980 scored average annual sales of $3.1 million last year, Bowie said, adding that forecasts call for gains to the $3.5 million average mark for the same units this year.

A chainwide unit average is currently about $2.9 million on an annualized basis, Bowie added. Average unit sales in all existing units have increased 10% from year to year, half of that being real gains after discounting a 5% menu price hike.

Possible expansion to the East Coast is currently being considered in long-range strategic planning by the 19-year-old company, which went public in October last year.

# Swift/Hunt-Wesson key to Beatrice's Esmark bid

CHICAGO—Esmark has accepted Beatrice Foods sweetened $60-a-share offer, valued at $2.7 billion, for Esmark's 41.8 million common shares outstanding. The bid includes a $42.60-a-share offer, valued at $111 million, for 2.6 million preferred shares outstanding, and $60-a-share, or $60 million, for Esmark's management options.

Directors of Esmark, which has an interest in food products, chemicals, personal products and auto leasing, stand to receive $160.6 million for their 2.8 million common shares. Lester Crown, a Chicago businessman, would sell his common and preferred shares for about $100.2 million, making him the biggest individual winner in the deal.

Beatrice Foods, which is comprised of several hundred small companies with more than 9,000 products, is especially interested in the sophisticated national marketing and distributing system of Esmark's Swift/Hunt-Wesson foods which could help get Beatrice's mostly regional products into more retail stores nationwide.

In fiscal 1983, Esmark reported a 9% rise in profit to $117 million on a 21% revenues increase to $4.1 billion. Beatrice foods reported a 907% increase in profit to $433 million on a 2.1% revenue increase to $9.3 billion. Beatrice's 1983 profit gain included $154 million from the sale of businesses and a reserve of $23 million related to restructuring costs.

By sweetening its offer, Beatrice was granted an option to buy Esmark's Swift/Hunt-Wesson foods for $1.3 billion if Beatrice is outbid for all of Esmark. Beatrice also was granted an option to purchase 7.8 million Esmark common shares, or 18.5% of the company, for $56 each if Beatrice is outbid.

If the acquisition goes through, Beatrice plans to pay more than $1 billion of the total purchase price in the first year, using the proceeds of divested businesses. A recent Beatrice strategy has been to divest itself of about 50 companies.

Beatrice's offer tops one made in early May by Kohlberg, Kravis, Roberts & Co., a New York-based investment banking firm, to take the company private in a leveraged buyout. That offer has been withdrawn, according to an Esmark spokesman.

## Naugles' 3rd-qtr. loss $7.1M; cites 'drains' from unit cutbacks

FULLERTON, Calif.—Naugles Inc. has reported a $7.1 million net loss for the third quarter ended April 5, citing financial drains from the scuttling of its individual-unit franchise program, the closure of 35 losing outlets and curtailed expansion.

Despite the net loss, Harold Butler's Mexican-American fast-food chain, currently with 187 units in eight states, scored a 28% gain in revenue over the same period last year to $25.7 million.

For the 40 weeks ended April 5, Naugles reported a net loss of $5.2 million on revenue of $86.9 million, compared to a net profit of $2.3 million on revenue of $63.6 million through last year's third quarter.

Included in the most recent quarterly results is a $4.8 million provision for the cost of restaurant closures, plus $1.3 million for the repurchase of 10 previously franchised units.

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## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Allegheny Beverage | 3 mos. | | | | $ 0.153 | 30.0 | $ 1.700 | 7.0 |
| A&M Food Service | 3 mos. | 3/20 | $ 6.400 | 31.0 | | | 0.256 | 265.0 |
| Cucos | 3 mos. | 3/31 | | | 0.847 | 45.0 | 0.505 | 26.0 |
| | 9 mos. | | | | 2.354 | 28.0 | 0.130 | 39.0 |
| Diversifoods | 3 mos. | 3/31 | | | 125.700 | 15.4 | 5.500 | 10.6 |
| El Torito | 3 mos. | 3/31 | 0.585 | 25.0 | | | 1.566 | 114.0 |
| Esteban's Mexican Foods | 3 mos. | 3/31 | | | 2.942 | | – 0.271 | |
| Flakey Jake's | 3 mos. | 3/25 | 1.547 | | | | – 0.134 | |
| Garcia's | 3 mos. | 4/22 | | | 17.104 | 29.3 | – 0.203 | |
| Holiday Inns | 3 mos. | 3/30 | | | 402.500 | 15.0 | 26.000 | 16.0 |
| Maverick Rest. Corp. | 3 mos. | 4/30 | | | 2.393 | 68.0 | 0.235 | 93.0 |
| Max & Erma's Rest. | 3 mos. | 2/19 | | | 5.500 | 18.0 | 0.114 | |
| Morrison | 3 mos. | 2/25 | | | 114.300 | 10.0 | 4.500 | 0.0 |
| | 9 mos. | | | | 341.200 | 10.0 | 14.300 | 9.0 |
| Naugles | 3 mos. | 5/5 | | | 25.700 | 28.0 | – 7.100 | |
| | 10 mos. | 5/5 | | | 86.900 | | – 5.200 | |
| Pan Am | 3 mos. | 3/31 | | | 879.6 | 5.0 | –70.300 | |
| Pancho's Mexican Buffet | 6 mos. | 3/31 | | | 14. | 25.0 | 0.556 | 41.0 |
| | 3 mos. | | | | 7.55 | | 0.349 | 57.0 |
| Pizza Inn | 3 mos. | 3/25 | | | 38.000 | 9.5 | 0.805 | – 15.0 |
| Restaurant Assoc. | 3 mos. | 3/31 | | | 30.000 | 9.0 | 0.013 | – 84.0 |
| Rusty Pelican | 3 mos. | 4/15 | 9.350 | 27.0 | | | 0.558 | 54.0 |
| | 9 mos. | | 24.600 | 17.0 | | | 1.100 | 44.0 |
| Saga Corp. | 3 mos. | 3/24 | | | 284.000 | 10.0 | 8.200 | 33.0 |
| | 9 mos. | | | | 825.000 | | 24.600 | 18.0 |
| Sandwich Chef | 3 mos. | 3/31 | 6.600 | 24.0 | | | 0.216 | |
| | 9 mos. | | 18.900 | 30.3 | | | 0.486 | |
| Sis Corp. | 3 mos. | 3/31 | 1.400 | 118.0 | | | – 0.960 | |
| Southern Hospitality | 3 mos. | 2/29 | 8.000 | 36.3 | | | 0.190 | 4.4 |
| | 9 mos. | | 25.600 | 36.4 | | | 0.792 | 32.9 |
| T.G.I. Friday's | 3 mos. | 4/2 | | | 65.300 | 23.0 | 3.100 | 35.0 |
| USACafes | 3 mos. | 3/31 | 95.000 | 9.0 | 3.750 | 34.0 | 0.474 | 47.0 |
| Western Steer | 12 mos. | 2/24 | | | 36.095 | 25.0 | 1.196 | 38.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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- ***Restaurant Technology supplement—Inside***
- ***What's moving on the turnpikes—Pp. 27-30***


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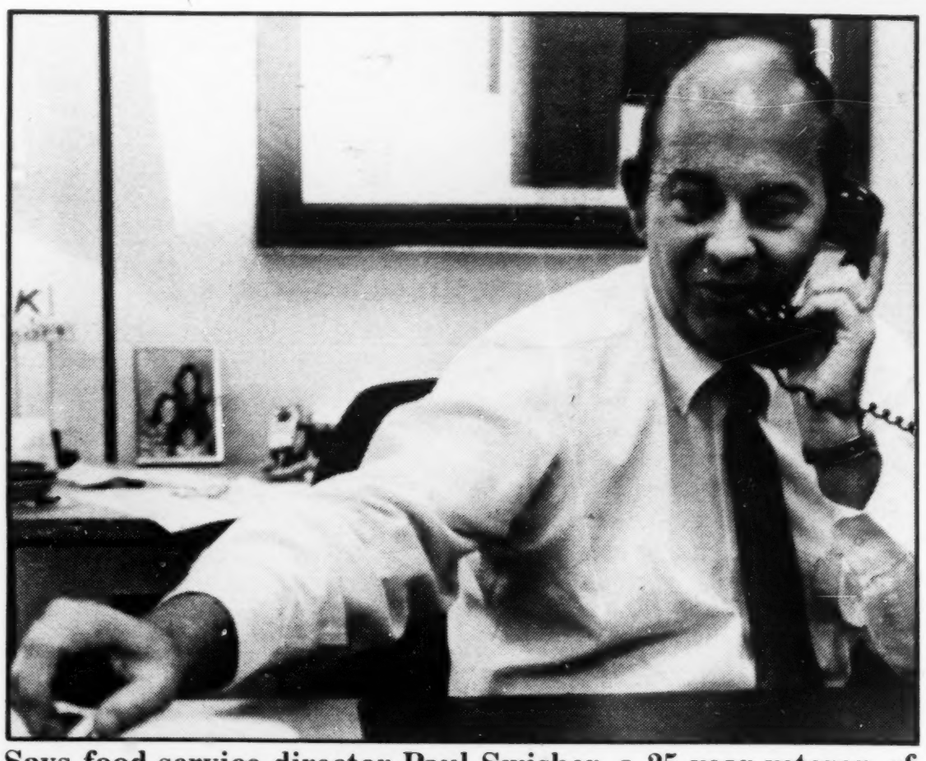


**Says food-service director Paul Swisher, a 25-year veteran of K mart's restaurants, "We would like people to come to K mart to eat, not just to shop."**

*After 4 rebuilding years*

## Sleeping giant K mart stirs in food service

TROY, Mich.—After four years of revamping operations, K mart's top in-store feeding executive said he intends to rouse what has long been a sleeping giant with new menus and concepts.

"There's a tremendous untapped potential," food-service director Paul Swisher told *Nation's Restaurant News*. "We would like people to come to K mart to eat, not just to shop."

With food-service outlets in 1,500 of its 2,200 stores, the discount chain registers over $300 million a year in sales, making it a heavyweight of the restaurant industry.

Swisher is facing a major challenge as K mart dramatically repositions itself with upscaled, brand-name merchandise.

But the 47-year-old executive may also be uniquely equipped to do the job he assumed four years ago.

He is the first food-service director in K mart's history who actually spent his entire career (25 years) at K mart in its restaurants, starting as a restaurant management trainee.

In addition, he may have the mandate of K mart president Samuel Leftwich, who served a stint in Swisher's post in the mid-1970's during his own rise to the top. Swisher reports directly to Leftwich.

Swisher has converted one hundred 1,700-sq.-ft., back-of-the-store cafeterias to sandwich shops in the past four years. The new concepts merchandise burgers, soups and salads, where the cafeterias pushed platters.

In addition, Swisher has 114 delicatessens, located near the checkout line at the front of the stores. Measuring 300 sq. ft., they produce far in excess of K mart's corporate $155-sales-per-square-foot, he said. Best-

*(Continued on page 65)*

## Drinking age battle goes down to wire

**By Laura Woda**

WASHINGTON—Food-service industry leaders locked horns with Congress and the White House in an 11th hour drive to block Federal legislation that would establish a national drinking age of 21.

When the dust settled, it appeared that proponents of a 21-year-old national drinking age law were in striking distance of Congressional approval due to an abrupt policy change by the Reagan Administration late last month.

In the past, the Administration strongly opposed Federal efforts to force state action on drinking age legislation opposed by key restaurant industry segments.

However, on the eve of serious Senate Commerce and Transportation Committee hearings, the Administration reversed course abruptly.

Specifically, the Administration endorsed a House-passed amendment to a Federal highway bill which would withhold 5% of a state's highway funds if it did not enact a 21 year drinking age. If, at the end of the following year, the state had not established 21 as the legal drinking age, it would lose another 10% of its highway funds.

Once a state has raised its drinking age to 21, it would be reimbursed for any funds withheld.

Although the Administration now backs the amendment, the White House continues to oppose the general bill, which contains many special-interest projects. Consequently, the fate of the measure is uncertain.

At presstime Sen. Frank Lautenberg (D-N.J.) was drafting an identical drinking-age amendment to a Senate child-safety bill, which has already passed the House.

During recent Senate hearings on drunk driving, the National Highway Traffic Safety Administration confirmed the President's support for a national drinking age, stressing that the "current checkerboard of minimum drinking ages may be creating 'blood borders,' where young people drive across state lines to drink."

But in separate testimony at those same Capitol Hill hearings National Restaurant Association Government relations director Ronald Sarasin warned that "raising the minimum purchasing age is an ineffective method for solving the problem of alcohol-related traffic fatalities."

According to Sarasin, "many

*(Continued on page 66)*

## *Vicorp set to buy 183 Sambo's coffee shops*

**By Richard Martin**

DENVER—Vicorp Restaurants has again mobilized its acquisition juggernaut, reaching agreement with Sambo's to buy 80% of that company's remaining 220 coffee shops for $62.5 million. The purchase price includes $6 million cash, plus secured and unsecured notes and $47.5 million of Vicorp stock—all earmarked for payment to Sambo's creditors.

In buying 183 units from the pared down and suddenly operationally profitable Sambo's organization, Vicorp would also get a tax credit of about $250 million from Sambo's net losses carried forward, effectively shielding Vicorp from paying any income tax from five to eight years.

Meanwhile, Sambo's and Indianapolis-based Steak 'n Shake said they had ceased negotiations on a previously announced merger plan.

Pending definitive agreements with Sambo's trustee Charles J. McLaughlin, and approval from the Federal bankruptcy court governing Sambo's 31-month-old Chapter 11 proceeding, Vicorp would take control of 147 Season's units, plus 21 of Sambo's 39 franchised Godfather's pizza restaurants and all 15 licensed Coco's coffee shops. A geographic breakdown places 98 units in California, 47 in Florida, 12 in Arizona, 3 in Texas, 1 in Kansas and 22 in locations not yet chosen by Vicorp.

McLaughlin said he expects to dispose of Sambo's remaining assets, including 37 restaurants, effectively closing the book on one of the most harrowing chapters in the annals of food service. (For details and background on current activities of former Sambo's executives, and the fate of other restaurants in the once mighty 1,100-unit empire, see earlier story on page 42.)

Some 7,000 to 8,000 employees of Sambo's, including corporate headquarters staff in Carpinteria, Calif., are expected to stay on the Vicorp payroll to run the 183 units after the consummation of the proposed sale, officials of both companies indicated.

On top of the more than 150 other coffee shops, dinner-houses and gourmet cafe/delis Vicorp has acquired for about $110 million in the last 14 months, the currently 338-unit, 28-state company believes it now stands poised for a gradual

*(Continued on page 66)*

## *Furor over Disney buyout case*

**By Joe Edwards**

LOS ANGELES—An angry investment community is expressing outrage and calling for Federal legislation to halt "greenmailing" tactics such as those used by Saul P. Steinberg to pressure Walt Disney Productions to repurchase his 11.1% stake in Disney at highly inflated prices.

Meanwhile, the Securities and Exchange Commission and the New York Stock Exchange disclosed at presstime that they are conducting separate investigations of trading in Disney stock.

Spokesmen for Walt Disney Productions, Steinberg and Reuters News Service said they had been notified by the S.E.C. that an investigation is under way. Reuters moved a wire story on Disney's decision to buy back Steinberg's stock four hours before Disney publicly revealed its decision.

Steinberg, who had been buying Disney stock for several months, sold his shares back to the entertainment company in June for $325.5 million, or 19% over the market value.

A spokesman for a large institutional investor in Disney called Steinberg's tactics "reprehensible." Other investors who saw the value of their Disney stock plummet after the buy-back expressed displeasure. They said they support a pending House bill which would put a ceiling on the premium that could be paid in such cases.

Disney borrowed the entire amount through a $1.3 billion line of bank credit arranged in late March to fight unfriendly takeovers. Coupled with $190 million in debt acquired through Disney's purchase in June of Arvida Corp., Disney's total debt is now $866 million.

The Los Angeles-based entertainment company's debt is 67% of its total equity. Before Steinberg's move to purchase Disney stock, Disney's debt was 25% of equity.

Disney paid Steinberg a total of $77.50 a share—$297.5 million for Steinberg's 4.2 million shares plus $28 million to reimburse Steinberg for "expenses." Steinberg had paid about $63.25 a share, or $265.6

*(Continued on page 66)*

## LATE NEWSBREAKS

**Charles Bradshaw, founder of Hardee's franchisee Spartan Foods and a senior vp of Trans World Corp. since 1980, has been named Trans World president and chief operating officer. Besides Spartan, Trans World divisions include Canteen Corp. and Hilton International.**

**Donald E. Doyle was promoted to president of KFC-USA by chairman-chief executive Richard Mayer, who had been serving as head of KFC-USA. Doyle moved to his new post from president of the KFC Management Co.**

**Carrols Corp. strengthened its position as second largest Burger King franchisee behind Diversifoods with the acquisition of 16 Burger Kings in Ohio, bringing Carrols' total to 122.**

**J. Willard Marriott Jr., Marriott Corp. ceo and at least one of the Texas-based Bass brothers is bidding to buy Conrail. Other bidders, including an employee group, have offered $1 billion or more for the Government-owned railroad.**

COMMODITIES

# Frozen french fry prices rise; meat remains stable

NRN Special Report

With stocks down 29% from last year at this time, frozen french fry producers have posted increases in food-service grades. Idaho Extra Fancy longs have risen 1¢ per pound at the manufacturer's dock. Washington Fancy longs have had a similar rise. With costs of power for both processing and storage high, even normal harvest this year may not substantially reduce prices. If, on the other hand, there is a bumper crop of potatoes, prices may fall again to levels at the beginning of this year.

Beef prices have remained at low levels, dropping in early June by 3¢ from early May prices. Sluggish spring demand from consumers has kept a lid on the market in the face of increased cattle slaughter during the second quarter.

The severe late winter and early spring storms in the cattle-

*(Continued on page 65)*

## PRICE MOVEMENT AT A GLANCE

| | June 8, 1983 | May 8, 1984 | June 8, 1984 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $1.04 | $1.01 | $0.98 |
| Broilers, Grade A, dressed, icepack, NYC (lb.) | $0.5217 | $0.5663 | $0.5880 |
| Cottonseed oil, crude, Miss. Vy. (lb.) | $0.22 | $0.365 | $0.43 |
| Eggs, Grade AA, large white, Chicago (doz.) | $0.6875 | $0.73-0.75 | $0.66-0.68 |
| Lettuce, iceberg, Calif. (24s) | $8.00-10.00 | $3.00 | $7.00-8.00 |
| Lobster meat, frozen, Canada (lb.) | $7.00-7.75 | $5.65-6.00 | $5.60-5.95 |
| Orange juice, frozen concentrate, Florida (12/32 oz.) | $19.92 | $25.60 | $27.20 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $1.00 | $0.93 | $0.975 |
| Potatoes, Frozen FF, Extra Fancy Longs, Idaho (lb.) | $0.30-0.31 | $0.33-0.34 | $0.34-0.35 |
| Spinach, Fancy leaf, canned, Arkansas (6/10) | $9.65 | $11.00 | $12.00 |
| Spinach, Fancy leaf, canned, California (6/10) | $9.85 | $9.85 | $9.85 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Market psyche outdid avian flu on price effects

By G. S. Friedman

NRN Special Report

Now that avian influenza scares are behind us, both Government and industry are taking the time to examine the workings of the marketplace during this most recent outbreak. A new study due out shortly by the U.S.D.A.'s Economic Research Service indicates that the psychology of the market affected prices more than the actual supply and demand, particularly in the broiler market. And most importantly its ripple affect will continue long after the coops are clean.

In terms of price movements, as well as actual supply and demand, this clearly was the case of the egg coming before the chicken. During the initial outbreaks in October and November, the Economic Research Service projected the October 1983 to March 1984 egg supply to drop 3%-4% under the same period one year ago. Prices however during this same period were predicted to rise only 15%-25% higher.

As buyers today know, prices increased as much as 50%. The greatest economic impact clearly was on the egg industry. However, due to psychology, the more interesting market impact was on the broiler segment.

The escalation of egg prices and the psychology associated with such a rise just had to spill over into broilers. If egg prices were not supposed to go that high, well why not broilers too?

The Economic Research Service estimated that the 2.1% drop in broiler production during November-December 1983 was due only 25% in part to avian influenza. Wholesale prices prior to the disease, during the characteristically seasonal high months of August and September, were 54¢ per pound. As the market grew concerned with production, prices inched up, closing at a year-end high in November/December at 57¢ per pound.

Prices continued to rise, edging into the low 60's during January, February and March, despite an Economic Research Service report which said "broilers were not in short supply." The January average price for the prior four years was 47¢ per pound. There was close to a one-third increase in broiler prices from January 1983 to January 1984.

Prices clearly were not supposed to go that high. Most industry analysts expected the price to stay in the mid-50's. With high prices as well as the fear of avian influenza spreading, total production rapidly increased. Today's production is up 1% over last year and expected to rise to an increase of 4% by July.

Analysts predict therefore a downward pressure on current prices even as we enter the summertime months with their peak demand for broilers. Absent a back-to-back drought in the corn belt and outside influences affecting hog slaughter, this just might make two years in a row where broiler prices won't fly this summer.

# Hotel execs look for niche in coming expansion 'boom'

By David Zuckerman

NEW YORK—With occupancy rates finally trending upward following a severe four-year slump that cost the lodging industry an estimated $20 billion in lost revenue, hotel chain executives presented plans for massive expansion that could add 500,000 new rooms by 1992.

Tentative market conditions, however, have triggered an intensive wave of new concept development and increased segmentation as hotel companies scramble to attract financial backing for both new construction and renovation of existing properties.

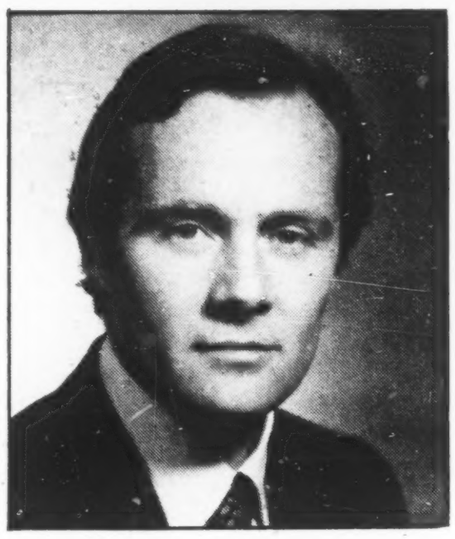
"The hotel industry today is much like the food-service industry was 10 years ago," Laventhol & Horwath's Bob Patterson told an audience at the sixth annual Hospitality Investment Conference held at New York's Waldorf-Astoria Hotel last month. "Over the last five years there has been a large proliferation of product types and a blurring of traditional market segments.

"The so-called unique facilities are now competing with conventional-type hotels for both financial backing and perceived value among consumers. Pricing and quality of implementation have become increasingly important factors."

In an effort to achieve maximum growth during the current upswing, hotel developers have embraced a variety of strategies to secure a solid niche in the increasingly competitive marketplace. All-suite properties, mixed-use developments and combination condominium/hotels are among a spate of trendy new concepts emerging on the scene.

But despite the growing presence of these specialized facilities, most executives agreed the full-service, mid-to-upper-priced hotel will continue to be the backbone of the industry.

For the Hampton, N.H.-based Dunfey Hotels Corp., which acquired Omni International last year, image building will play an important role in future expansion, according to



Jon Canas

president and chief executive Jon Canas.

"When we acquired Omni late last year," Canas said, "we conducted market research to test the chain's name recognition. We discovered that even people who had never patronized an Omni hotel had a quality perception of the name. Brand name identification has become a very important factor for us."

*(Continued on page 65)*

# *Panelists push all-suites viability*

By Susan Spedalle

NEW YORK—Operators of all-suite concepts are adamant about the viability of their operations and the depth of the market they intend to capture.

At a panel discussion during the Sixth Annual Hospitality Industry Conference, the representatives of five major all-suite chains sought to convince the investment community that all-suite hotels, no matter what form they take, are cheaper to build and have less downside risk than traditional hotels.

Some all-suite concepts can be converted to condominiums or apartments. Different concepts, which range from a luxury property such as Brock Park Suite Hotels, to a combination office building/suite hotel.

Investors found that familiarity with one concept is not enough; each of the major all-suite concepts is searching for a different market, requires different types of real estate and can vary widely in cost per room to develop.

Brock's Park Suites are going after the upscale market with rooms priced according to other deluxe hotels in the area. Brock's Residence Inns, on the other hand, average $58 a night and are aimed at professional workers who are in town for two weeks or more to complete a prolonged assignment. Unlike Park Suites, there are no televisions in the bathroom or first class restaurants. Embassy Granada Royale Hometels are aimed at the traveling fam-

*(Continued on page 65)*

## THE GROWTH OF THE ALL SUITE HOTEL CONCEPT

| | Current Units | Under Construction | By Year End | Turnkey Cost Per Room | Occupancy Rate Average | Room Rate Average | Franchised |
|---|---|---|---|---|---|---|---|
| Brock Park Suite | 4 | 6 | 10 | $60-100,000 | 69.5% | $73 | No |
| Brock Residence Inns | 17 | 21 | 40 | $50-84,000 | 75.0% | $58.74 | Yes |
| Holiday Inn's Embassy/Hometels | 25 | 21 | 58 | $80,000 or less | 80.0% | $72 | Yes |
| Servico's Royce Hotels | 3 | 5 | 8 | $75-80,000 | 80.0% | $99-$139 | Intends To |

Source: *NRN* Research at the Sixth Annual National Hospitality Industry Investment Conference

# *Saga diversifies into hotel dining*

By Richard Martin

MENLO PARK, Calif.—While continuing to shift emphasis from contract feeding to more predictable, higher-margin restaurant businesses, Saga Corp. has broadened its diverse, $1.1 billion annual food-service portfolio to include hotel dining.

But though Saga's young hotel-oriented restaurant management division and such comers as the upscale Grandy's chicken chain have moved into the spotlight, Charles Lynch's regime here isn't ignoring its onetime mainstay, namely contracts.

In the past few months two major new contract deals have been nailed down—for the rapidly growing Federal Express headquarters and processing center in Memphis, and for the multiunit Arco Plaza office/shopping complex in Los Angeles—which together are expected to bring another $10 million to Saga's top line in the coming year.

Meanwhile, anticipated rapid growth in the lodging industry has perked up Saga's enthusiasm for its hotel-restaurant management arm, which the company expects to swing from the startup mode to aggressive expansion during the next few years.

The Oakland, Calif.-based restaurant management division, under vp and gm Gene Puccinelli, has launched four hotel-dining units since its inception some 18 months ago. One is a new concept called Brandon's, at the Beverly Heritage hotel in Milpitas, Calif., and the other three are Velvet Turtle units, in Granada Royale Hometel properties in Covina and Arcadia, Calif., and in Austin, Tex.

A Saga spokesman says "substantial interest in the concept" could lead to development of another 15 to 25 hotel units in the just-begun fiscal year. "This is not like owning and developing your own restaurant chains," the spokesman said, adding that collaboration with hotel

*(Continued on page 65)*

## *Saga Corp. to sell Straw Hat Pizza to Bullwinkle's for $40 million*

MENLO PARK, Calif.—For $40 million, Saga Corp. has agreed to sell its 205-unit Straw Hat Pizza division to Bullwinkle's Inc., the four-unit Santa Clara, Calif.-based operator and franchisor of pizza-and-games restaurants. Saga chairman and ceo Charles Lynch said redeployment of assets to fuel rapid growth of the Grandy's chain was behind spinoff of Straw Hat, which grossed $56.3 million last year.

# Food-service chain stock analysis table

**41 Gainers**

**9 Unchanged**

**Losers 32**

### Volume leaders

| Company Name | Last Weeks Volume |
|---|---|
| Disney, Walt | 64,650 |
| PepsiCo Inc | 15,397 |
| Wendys Intl | 8,002 |
| Pillsbury Co | 6,577 |
| McDonald's Cp | 6,118 |

### Top five gainers

| Company Name | Last Weeks Volume | Latest Closing Price | % Price Change Last Two Weeks |
|---|---|---|---|
| Garcias Scot | 884 | 5.75 | + 24.3 |
| Morrison Inc | 1,944 | 15.88 | + 18.7 |
| Servico Inc | 417 | 18.00 | + 16.1 |
| Western Steer | 86 | 10.50 | + 13.5 |
| JB's Rest | 174 | 13.00 | + 13.0 |

### Top five losers

| Company Name | Last Weeks Volume | Latest Closing Price | % Price Change Last Two Weeks |
|---|---|---|---|
| Peoples Rest | 5,592 | 1.88 | - 25.0 |
| Disney, Walt | 64,650 | 49.50 | - 23.0 |
| Capt Crab Inc | 1,753 | 3.00 | - 20.0 |
| Kapok Cp | 15 | 3.00 | - 7.7 |
| Ponderosa Sys | 2,319 | 19.38 | - 7.7 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended June 15 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | | | | | Indicated Dvd. rate | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| | | | | | Monthly Change | | 52-Week | | | | | | | | | 5-Year Annual Growth Rate | Profit Margin | | | | | Last X-Dvd. Date | | | Current Ratio | | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | | Pct | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 6.75 | 6.00 | 6.50 | .63 | 10.64 | 8.75 | .00 | -.29 | -.45 | -4.94 | 41.81 | .40 | .44 | Q | NC | 10.0 | 4.3 | 14.8 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.88 | 4.63 | 4.88 | .00 | .00 | 7.25 | 3.88 | 1.09 | 1.41 | .80 | -14.23 | -2.05 | -1.98 | S | -164.7 | -75.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 14.50 | 14.00 | 14.38 | .38 | 2.68 | 18.75 | 12.69 | .17 | .50 | -3.10 | 72.88 | 1.67 | .18 | Q | 12.0 | 39.0 | 2.1 | 8.6 | .40 | 2.8 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 13.50 | 12.50 | 13.00 | -.38 | -2.80 | 19.25 | 12.50 | -.36 | 1.08 | .54 | -28.60 | 1.26 | .27 | S | 23.8 | 42.0 | 8.6 | 9.3 | .15 | 1.2 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 45.75 | 42.75 | 43.75 | -1.25 | -2.78 | 55.25 | 40.25 | .02 | .24 | -5.42 | 5.59 | 4.37 | 1.21 | Q | 36.7 | -3.0 | 1.7 | 9.7 | 2.10 | 4.8 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 14.38 | 12.25 | 13.50 | 1.13 | 9.09 | 18.50 | 10.50 | .29 | .00 | 4.60 | -44.29 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 15.7 | .12 | .9 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.75 | 3.25 | 3.25 | -.25 | -7.14 | 8.50 | 2.88 | .10 | -1.07 | 2.58 | -18.52 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 17.25 | 16.00 | 16.25 | -.50 | -2.99 | 26.81 | 16.00 | -.20 | .34 | 1.40 | -1.38 | .89 | .14 | N | 16.8 | 21.0 | 7.5 | 16.8 | .26 | 1.6 | 05-07-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.50 | 4.88 | 5.13 | .38 | 7.89 | 10.00 | 4.38 | .13 | .51 | -1.86 | -9.88 | .17 | -.01 | Q | NC | -14.0 | .7 | NE | .10 | 2.0 | 04-17-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calny Food | CLNY | 8.50 | 7.50 | 8.00 | .50 | 6.67 | 11.19 | 7.25 | -.19 | -.61 | 4.14 | 28.48 | .52 | .07 | F | 15.5 | 3.0 | 4.8 | 15.4 | .16 | 2.0 | 04-25-84 | 43.6 | 2.1 | .4 | 2.48 | 1.49 | 0283 |
| Capt Crab Inc | CRAB | 4.00 | 2.63 | 3.00 | -.75 | -20.00 | 8.38 | 2.63 | -1.33 | -1.80 | 4.94 | -8.60 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | 0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.13 | 8.25 | 8.75 | .38 | 4.48 | 11.88 | 6.13 | .10 | .92 | 1.43 | -25.12 | .50 | .26 | Q | 83.8 | 99.0 | 3.7 | 15.4 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.00 | 15.63 | 16.63 | .75 | 4.72 | 29.00 | 13.25 | .16 | .12 | .89 | -32.75 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 31.4 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 14.00 | 13.50 | 13.50 | -.50 | -3.57 | 18.38 | 13.00 | .06 | .11 | -2.16 | 41.14 | .29 | .24 | S | NC | 5.0 | 5.8 | 56.3 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 11.88 | 11.25 | 11.50 | .13 | 1.10 | 24.38 | 10.25 | -.43 | -.25 | 2.77 | -6.88 | .64 | -.01 | S | -2.0 | -4.0 | 2.9 | 24.0 | .50 | 4.3 | 12-09-83 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 26.88 | 24.75 | 25.50 | .75 | 3.03 | 33.50 | 21.25 | .06 | .63 | .63 | 40.44 | 1.66 | -.53 | F | -24.2 | 3.0 | 6.8 | 15.4 | .80 | 3.1 | 05-07-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 18.75 | 18.25 | 18.25 | .00 | .00 | 21.63 | 14.75 | .77 | .47 | -1.26 | -3.81 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 10.7 | .20 | 1.1 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 15.00 | 14.81 | 15.00 | .19 | 1.27 | 17.69 | 11.63 | .29 | .63 | -7.11 | 4.35 | .06 | .46 | S | NC | 86.0 | 1.3 | 32.6 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 12.38 | 11.88 | 12.38 | .13 | 1.02 | 18.75 | 10.75 | -.08 | 1.16 | -1.35 | 6.87 | .26 | .14 | N | 70.0 | 39.0 | 2.5 | 36.4 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.50 | 19.00 | 20.00 | 1.25 | 6.67 | 25.75 | 15.75 | .57 | .73 | 2.40 | 19.71 | .86 | .10 | S | 12.5 | 25.0 | 4.4 | 22.2 | .14 | .7 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 39.75 | 38.63 | 38.75 | -.75 | -1.90 | 41.38 | 29.00 | .90 | .22 | 3.92 | -1.06 | 2.54 | .26 | N | 10.3 | 12.0 | 3.8 | 13.9 | .72 | 1.9 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 66.88 | 47.75 | 49.50 | -14.75 | -22.96 | 68.50 | 47.25 | -.38 | -1.61 | 5.19 | -37.29 | 2.70 | -1.00 | S | -31.1 | -6.0 | 7.1 | 22.4 | 1.20 | 2.4 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 15.63 | 14.00 | 14.00 | -1.00 | -6.67 | 23.38 | 12.75 | -.08 | -1.23 | -3.03 | -21.44 | .99 | .03 | Q | 3.1 | 70.0 | 6.8 | 14.1 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 20.38 | 19.50 | 19.88 | -.38 | -1.85 | 27.13 | 18.13 | -.22 | .76 | -1.85 | 10.70 | 1.62 | .22 | Q | 15.0 | 24.0 | 10.2 | 11.8 | .28 | 1.4 | 05-07-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 10.88 | 9.88 | 9.88 | -.63 | -5.95 | 13.13 | 9.00 | -.36 | -.53 | -.04 | 10.53 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.38 | 1.13 | 1.19 | -.06 | -5.00 | 4.63 | 1.13 | -.52 | .51 | -1.06 | -21.11 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 19.8 | .00 | .0 | 00-00-00 | 6.1 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 26.88 | 26.00 | 26.88 | .88 | 3.37 | 32.94 | 16.47 | .36 | 1.20 | -3.51 | 17.31 | 1.85 | .75 | N | 51.3 | 22.0 | 3.7 | 12.2 | .40 | 1.5 | 03-28-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 6.38 | 4.63 | 5.75 | 1.13 | 24.32 | 15.88 | 4.00 | .60 | -1.06 | .81 | -1.69 | -.48 | -.28 | F | NE | 7.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 54.25 | 50.00 | 51.75 | 1.50 | 2.99 | 57.00 | 41.63 | .43 | -.03 | -.25 | 11.78 | 4.89 | .77 | N | 17.3 | 17.0 | 4.4 | 9.9 | 2.04 | 3.9 | 04-04-84 | 5550.8 | 245.1 | 1.2 | 9.71 | 25.68 | 0583 |
| Hambrg Hamlet | HAMB | 10.75 | 9.75 | 10.75 | 1.00 | 10.26 | 12.00 | 9.50 | .62 | .61 | 11.55 | 35.71 | 1.54 | 2.64 | F | NE | -14.0 | 3.1 | 7.0 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 51.25 | 49.00 | 49.50 | .50 | 1.02 | 59.50 | 47.50 | .24 | .49 | -.35 | 15.99 | 4.20 | 1.08 | F | 34.6 | 6.0 | 16.8 | 11.8 | 1.80 | 3.6 | 05-25-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 43.50 | 41.13 | 41.75 | -1.00 | -2.34 | 58.75 | 38.25 | .29 | .53 | -1.35 | 13.56 | 3.28 | .78 | Q | 30.0 | 13.0 | 7.8 | 12.4 | .90 | 2.2 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 17.00 | 14.63 | 16.00 | .50 | 3.23 | 30.78 | 14.38 | -.23 | .30 | 1.06 | 28.15 | 1.15 | .37 | Q | 46.8 | 71.0 | 4.0 | 13.8 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 6.25 | 5.75 | 6.00 | -.25 | -4.00 | 10.75 | 5.75 | .05 | 1.14 | -1.77 | -15.45 | .00 | -.81 | S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 39.00 | 39.00 | -.50 | -1.27 | 40.00 | 29.50 | .23 | .25 | -.66 | -73.28 | 2.94 | .81 | Q | 35.3 | 57.0 | 6.2 | 12.6 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 16.00 | 14.88 | 14.88 | -.88 | -5.56 | 23.00 | 12.50 | -.05 | -.98 | -5.10 | 27.51 | .92 | .70 | N | 100.0 | 60.0 | 4.8 | 10.6 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 13.50 | 11.50 | 13.00 | 1.50 | 13.04 | 18.13 | 10.38 | .59 | .43 | -1.42 | -29.52 | 1.00 | .05 | S | 5.0 | 20.0 | 4.1 | 12.5 | .20 | 1.5 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 16.63 | 14.63 | 15.25 | .38 | 2.52 | 22.00 | 11.88 | .65 | -.52 | -4.85 | 9.22 | 1.33 | -.07 | S | -5.3 | 17.0 | 4.6 | 12.3 | .12 | .8 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.38 | 3.00 | 3.00 | -.25 | -7.69 | 10.75 | 2.88 | .34 | -1.79 | -5.83 | -16.67 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 5.13 | 4.63 | 4.63 | -.25 | -5.13 | 18.75 | 4.63 | -.49 | -1.77 | -3.07 | -32.38 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 46.3 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 25.25 | 23.25 | 23.75 | -.25 | -1.04 | 43.75 | 18.75 | .30 | .90 | 2.60 | -22.65 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 15.5 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.50 | 32.25 | 33.75 | 1.50 | 4.65 | 39.75 | 30.88 | .38 | .88 | -1.25 | -25.71 | 1.53 | .22 | S | 15.3 | 27.0 | 9.8 | 20.5 | .60 | 1.8 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.88 | 12.13 | 12.38 | .13 | 1.02 | 15.13 | 11.38 | .33 | .02 | -6.55 | -25.00 | 1.28 | .13 | N | 10.6 | 6.0 | 6.1 | 9.2 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 66.38 | 62.75 | 65.38 | 2.88 | 4.60 | 81.00 | 58.50 | .29 | .69 | -2.58 | -44.58 | 4.15 | .71 | F | 20.6 | 37.0 | 3.8 | 15.8 | .44 | .7 | 06-18-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 67.50 | 64.38 | 67.13 | 2.25 | 3.47 | 74.38 | 55.75 | .15 | 1.05 | 2.26 | 23.43 | 5.74 | .74 | F | 14.8 | 24.0 | 11.2 | 11.7 | 1.16 | 1.7 | 05-23-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 15.88 | 13.75 | 15.88 | 2.50 | 18.69 | 21.06 | 13.13 | .29 | 2.70 | 2.93 | -7.32 | 1.34 | .19 | S | 15.4 | 13.0 | 4.5 | 11.2 | .40 | 2.5 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.50 | 2.38 | 2.38 | -.13 | -5.00 | 3.47 | 2.13 | -.20 | .62 | -2.96 | 21.15 | .15 | .34 | S | NE | -25.0 | 1.1 | 18.3 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.00 | 1.88 | 1.88 | -.13 | -6.25 | 3.63 | 1.66 | -.11 | -.75 | -.19 | 42.21 | .09 | .12 | N | 120.0 | 25.0 | 1.1 | 8.5 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 8.00 | 7.50 | 8.00 | .25 | 3.23 | 32.75 | 7.50 | -.52 | 1.26 | -.18 | 3.68 | .70 | -.10 | S | -13.3 | 59.0 | 3.6 | 12.3 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Ogden Corp | OG | 28.00 | 26.50 | 26.50 | -.75 | -2.75 | 34.38 | 24.50 | .23 | .35 | .29 | 13.21 | 2.64 | .60 | Q | 30.1 | -8.0 | 3.0 | 10.2 | 1.80 | 6.8 | 06-08-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 6.38 | 6.13 | 6.38 | .00 | .00 | 8.88 | 5.88 | .03 | 1.17 | 4.81 | 9.76 | .43 | .15 | S | 44.1 | 65.0 | 4.8 | 13.0 | .10 | 1.6 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 2.50 | 1.25 | 1.88 | -.63 | -25.00 | 15.13 | 1.25 | -.34 | -2.74 | -2.79 | 40.39 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 43.00 | 41.50 | 42.38 | .88 | 2.11 | 43.00 | 32.63 | .40 | .77 | 1.12 | 17.31 | 3.01 | .17 | Q | 5.7 | 3.0 | 3.6 | 13.6 | 1.68 | 4.0 | 06-04-84 | 7895.9 | 284.1 | 1.2 | 9.26 | 17.68 | 1282 |
| Piccadilly Caf | PICC | 20.25 | 19.50 | 19.63 | .00 | .00 | 20.50 | 12.75 | .22 | -.19 | 1.39 | -10.37 | .99 | .05 | N | 4.6 | 5.0 | 3.9 | 17.4 | .60 | 3.1 | 06-04-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 40.13 | 37.63 | 37.75 | -1.50 | -3.82 | 41.50 | 27.75 | .31 | -.57 | 5.23 | 25.64 | 3.29 | 1.29 | S | 47.7 | 14.0 | 3.9 | 9.5 | 1.40 | 3.7 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 9.50 | 8.88 | 9.00 | -.25 | -2.70 | 17.50 | 8.38 | -.25 | .72 | 2.34 | 31.96 | 1.14 | .38 | Q | 53.5 | 30.0 | 2.5 | 8.3 | .08 | .9 | 04-16-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 16.00 | 13.50 | 14.38 | 1.13 | 8.49 | 16.75 | 12.63 | .82 | -1.29 | 6.07 | -8.29 | .37 | .41 | Q | NC | 4.0 | 1.9 | 35.1 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.63 | 19.25 | 19.38 | -1.63 | -7.74 | 24.88 | 16.00 | .02 | .18 | 2.04 | -44.26 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 16.4 | .40 | 2.1 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 7.38 | 7.00 | 7.13 | .13 | 1.79 | 11.88 | 6.50 | -.05 | .79 | -.46 | 36.05 | .13 | .86 | F | NE | -24.0 | .7 | 54.8 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 16.25 | 14.25 | 15.00 | .75 | 5.26 | 23.25 | .00 | .40 | -.18 | 2.71 | 9.68 | .57 | .63 | Q | NC | 57.0 | 3.8 | 23.8 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Restaur Assc | RA | 7.38 | 7.00 | 7.25 | .13 | 1.75 | 10.13 | 6.50 | .34 | .81 | -4.81 | -30.36 | .88 | .10 | F | 12.8 | 31.0 | 1.9 | 8.2 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Restaurant Sys | RSYS | 9.25 | 9.00 | 9.25 | .25 | 2.78 | 13.50 | 9.00 | .31 | .61 | -2.49 | -26.47 | .72 | .75 | Q | NC | 19.0 | 4.7 | 12.3 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 6.75 | 6.00 | 6.25 | .00 | .00 | 21.00 | 5.75 | .26 | 1.34 | -4.39 | -25.08 | -.17 | .17 | Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 18.25 | 17.00 | 17.75 | .50 | 2.90 | 28.25 | 15.50 | .16 | .61 | -3.91 | -39.47 | .52 | .23 | Q | 65.7 | 60.0 | 10.8 | 30.6 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 29.25 | 27.00 | 27.75 | -.75 | -2.63 | 40.25 | 24.63 | .07 | .55 | 1.72 | .33 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 12.2 | .44 | 1.6 | 05-14-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 7.75 | 7.25 | 7.25 | -.50 | -6.45 | 15.25 | 7.25 | -.57 | -.75 | 5.19 | -4.90 | .70 | -.17 | N | -22.6 | 15.0 | 4.5 | 12.5 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 11.00 | 9.75 | 9.88 | .00 | .00 | 15.00 | 7.50 | .84 | .48 | 2.08 | -30.53 | .23 | .42 | Q | 221.0 | 10.0 | 1.2 | 16.2 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 18.00 | 15.25 | 18.00 | 2.50 | 16.13 | 18.00 | 13.50 | .73 | 1.87 | 3.04 | -45.43 | 1.19 | .51 | F | 75.0 | 17.0 | 2.5 | 15.1 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 25.75 | 22.75 | 25.63 | 2.88 | 12.64 | 26.25 | 20.00 | .61 | 1.02 | 3.27 | -32.49 | 1.17 | .26 | Q | 26.8 | 35.0 | 6.0 | 20.8 | .16 | .6 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 15.25 | 14.25 | 15.25 | .50 | 3.39 | 20.50 | 13.75 | .28 | 1.65 | .70 | 55.23 | 1.24 | .45 | Q | 52.3 | 33.0 | 3.5 | 11.6 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 7.00 | 6.25 | 6.25 | .00 | .00 | 11.75 | 6.25 | -.05 | .56 | .08 | -63.19 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 44.6 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 13.00 | 12.25 | 12.75 | .50 | 4.08 | 16.25 | 8.75 | .43 | .07 | .90 | -4.32 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 12.3 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 11.25 | 10.25 | 10.50 | -.50 | -4.55 | 15.50 | 9.00 | .29 | -.71 | 1.33 | 28.40 | .81 | .14 | Q | 20.8 | 26.0 | 4.0 | 13.0 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 22.00 | 16.50 | .27 | .64 | -7.79 | .00 | 1.02 | .65 | F | 175.6 | 6.0 | 2.3 | 18.1 | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 3.88 | 3.75 | 3.88 | .00 | .00 | 7.25 | 3.75 | -.31 | .76 | -1.52 | -9.71 | .27 | .05 | N | 19.2 | 75.0 | 3.8 | 12.5 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 5.75 | 5.25 | 5.50 | .25 | 4.76 | 10.00 | 4.88 | -.11 | .31 | 3.78 | 2.60 | .29 | .07 | Q | 31.8 | 67.0 | 2.1 | 19.0 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGIF | TGI | 13.13 | 11.38 | 11.50 | -.13 | -1.08 | 17.88 | 10.00 | .40 | -1.23 | -.58 | 33.33 | .65 | .68 | Q | NC | 28.0 | 4.5 | 16.9 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 | 1283 |
| TGIF Texas | TEXF | 3.50 | 3.50 | 3.50 | -.25 | -6.67 | 7.50 | 3.50 | -.10 | .59 | -1.91 | -10.00 | .06 | .06 | F | NC | 76.0 | .0 | 58.3 | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 | 1283 |
| Victoria Stations | VSTA | 6.63 | 5.75 | 6.38 | .38 | 6.25 | 13.50 | 5.13 | .00 | 1.15 | 4.18 | -14.52 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 16.63 | 15.00 | 16.00 | .38 | 2.40 | 16.63 | 10.78 | .45 | .72 | 1.23 | -7.84 | 1.01 | .19 | Q | 21.8 | 21.0 | 7.7 | 15.1 | .24 | 1.5 | 05-01-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Western Steer | WSMP | 10.50 | 9.25 | 10.50 | 1.25 | 13.51 | 15.50 | 9.00 | .78 | .63 | .91 | -2.29 | .92 | -.07 | N | -6.1 | 7.0 | 3.1 | 9.9 | .16 | 1.5 | 03-12-84 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 9.13 | 7.88 | 9.00 | 1.00 | 12.50 | 17.13 | 7.75 | .27 | .33 | 1.71 | 19.78 | .63 | -.06 | Q | -9.2 | 12.0 | 3.3 | 15.3 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

FINANCIAL NEWS

# Chi-Chi's troubles, Duff's slash Kelly-Johnston '84 profit 83%

OKLAHOMA CITY—Stung by the costs of absorbing the Duff's cafeteria chain it acquired last August and trouble in its Chi-Chi's division, Kelly-Johnston Enterprises posted a bare $418,000 in net profit for the year ended March 31, an 83% decline from fiscal 1983.

Fiscal 1984 revenue was $95 million, up 133% from the year before.

Fourth-quarter net profit was $620,000, down 33% from the year-ago period, but a reversal of the $2.1 million net loss in the year's third quarter.

Last-quarter revenue was $35.1 million, a 205% increase from 1983's period.

Kelly-Johnston booked a $62,600 extraordinary gain in the fourth quarter after buying back convertible debentures at a discount from face value.

The company operates 34 Duff's smorgasbords, franchises another 108 and operates 21 Chi-Chi's Mexican dinnerhouses.

It closed six Chi-Chi's during the year while adding three Joe Kelly's and the Duff's acquisition.

Kelly-Johnston bought Duff's in exchange for cash and stock, priced at the time at $17.50 per share. Since then, Kelly-Johnston's stock price has dropped to about $5, delaying plans by the ex-owners of Duff's to cash in some of the 15% stake they acquired in Kelly-Johnston.

A plan to sell some of the stake of the former Duff's holders has now been delayed until at least next year.

The withdrawn prospectus also reveals some legal disputes related to the Duff's chain.

Kelly-Johnston said it expected to settle a trademark infringement lawsuit that threatened to prevent it from operating in Virginia.

Kelly-Johnston said it had offered to pay the company that filed the suit, Duff's Inc., $8,000 in cash, and promise not to operate in an area of northwestern Virginia.

The company also disclosed in the scuttled prospectus that it was involved in an unspecified number of legal disputes with its Duff's franchisees. Kelly-Johnston termed the suits immaterial to its operation.

## Some Chili's investors to cash in their holdings

DALLAS—Some 36 early Chili's investors who traded their five restaurants for stock when the upscale burger chain went public in January are now cashing in some of their holdings.

The investors—including two officers, chairman Norman Brinker and chief financial officer Jack Lavine—have filed a plan to sell 286,000 of the 3.6 million shares they received from the 28-unit chain.

The selling shareholders earned their shares by selling to the company their five partnerships, each of which operated a restaurant in Chili's early days.

At a recent price of $14, Brinker figures to sell $420,000 worth of his $15.7 million holding and Lavine could reap $140,000 of his $5.2 million stake.

The 52-year-old Brinker founded Steak & Ale and served as chief of Pillsbury's Burger King chain before joining Chili's last year. Lavine, 43, cofounded Chili's in 1975 with his 39-year-old brother Larry, Chili's president.

The single-largest block of stock is being sold by venture capitalist Texas Capital Corp., which is offering 55,000 of its 164,000 shares. Brinker will remain Chili's single largest shareholder with some 1.1 million shares, or about one-quarter of the company.

Chili's went public in January by selling 1.1 million shares priced at $15 each.

## *Pillsbury ice cream plans aided by Sedutto purchase*

MINNEAPOLIS—The Pillsbury Company, seemingly intent on cornering the premium ice cream market, has acquired the Sedutto Ice Cream Corp. of New York for an undisclosed price.

About a year ago, Pillsbury acquired the Häagen-Dazs Company of New York, which sells its own high butterfat premium ice cream in about 300 dipping stores as well as supermarkets and restaurants. Häagen-Dazs reports to J. Jeffrey Campbell, chairman-chief executive of Burger King, also owned by Pillsbury.

Sedutto and Häagen-Dazs are considered direct competitors in some markets. Consumers consider both companies' products high-quality ice creams that cost about $1.75 a pint in supermarkets and $3 and more a pint in dipping stores.

## American Family Pizza 1st-qtr. loss $36,785; sales rise 50%

HOLLYWOOD, Fla.—American Family Pizza, an 18-unit Godfather's franchisee, reported a net loss of $36,785 for the first quarter ended March 31. The company reported a net profit of $47,507 in the same period last year.

Sales in the quarter increased more than 50% to $2.2 million.

Chairman Jerry Slusky attributed the quarterly loss to expenses associated with the introduction of the new chain-wide product, deep pan pizza.

## *Consul to buy Chi-Chi's units, franchise rights*

MINNEAPOLIS—Consul Corp. said it had agreed to acquire two Chi-Chi's Mexican dinnerhouses and franchise rights in four states from Kelly-Johnston Enterprises of Oklahoma City.

For Consul, Chi-Chi's largest franchisee, the deal would give the company 36 Chi-Chi's and room in the four states to build eight more.

For Kelly-Johnston, which closed six Chi-Chi's early this year, it allows the company to consolidate its operations with the remaining 19 units in six states.

## Hamburger Hamlet's '84 profit $1.1M

BEVERLY HILLS, Calif.—Hamburger Hamlet reported a net profit for the fiscal year ended March 25 of $1.1 million, compared to a $790,277 loss during the same period last year.

Revenue for the 52-week period is up 4.5% to $35.5 million.

This profit performance was attributed to an improvement in the general economic climate as well as more efficient cost controls. The company also benefited from the renegotiation of lines of credit which resulted in the reduction of interest rates.

Two new restaurants in southern California and one in Ocean City, Md., are currently in various stages of planning and construction. In addition, two existing restaurants in Westwood Village and West Los Angeles, Calif., are undergoing renovation.

Hamburger Hamlet owns and operates 17 restaurants in southern California, four in the Washington, D.C. area and one in Chicago.

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## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Allegheny Bever | 3 mos. | | | | $ 0.153 | 30.0 | $ 1.700 | 7.0 |
| A&M Food Service | 3 mos. | 3/20 | $ 6.400 | | | | | |
| Amer. Fam. Pizza | 3 mos. | 3/31 | 2.200 | 50.0 | | | (0.036) | |
| Bob Evans Farms | 12 mos. | 4/27 | 120.100 | 16.0 | | | 9.200 | 7.0 |
| Cucos | 3 mos.<br>9 mos. | 3/31 | | | 0.847<br>2.354 | 45.0<br>28.0 | 0.505<br>0.130 | 26.0<br>39.0 |
| Diversifoods | 3 mos. | 3/31 | | | 125.700 | 15.4 | 5.500 | 10.6 |
| El Torito | 3 mos. | 3/31 | 0.585 | 25.0 | | | 1.566 | 114.0 |
| Esteban's | 3 mos. | 3/31 | | | 2.942 | | – 0.271 | |
| Family Entertainment | 3 mos. | 4/1 | 3.670 | – 31.0 | | | (0.111) | |
| Flakey Jake's | 3 mos. | 3/25 | 1.547 | | 0.134 | | | |
| Garcia's | 3 mos. | 4/22 | | | 17.104 | 29.3 | – 0.203 | |
| Hamburger Hamlet | 12 mos. | 3/25 | 95.000 | 9.0 | 35.500 | 4.5 | 1.100 | 47.0 |
| Holiday Inns | 3 mos. | 3/30 | | | 402.500 | 15.0 | 26.000 | 16.0 |
| Kelly-Johnston | 12 mos.<br>3 mos. | 3/31<br>3/31 | | | 95.000<br>35.100 | 133.0<br>205.0 | 0.418<br>0.620 | – 83.0<br>– 33.0 |
| Maverick Rest. | 3 mos. | 4/30 | | | 2.393 | 68.0 | 0.235 | 93.0 |
| Max & Erma's | 3 mos. | 2/19 | | | 5.500 | 18.0 | 0.114 | |
| Morrison | 3 mos.<br>9 mos. | | | | 114.300<br>341.200 | 10.0<br>10.0 | 4.500<br>14.300 | 0.0<br>9.0 |
| Mr. Steak | 3 mos. | 4/2 | | | 17.500 | 19.3 | (0.016) | |
| Naugles | 3 mos.<br>10 mos. | 5/5<br>5/5 | | | 25.700<br>86.900 | 28.0 | – 7.100<br>– 5.200 | |
| Pan Am | 3 mos. | 3/31 | | | 879.600 | 5.0 | –70.300 | |
| Pancho's Mex. | 6 mos.<br>3 mos. | 3/31 | | | 14.472<br>7.551 | 25.0 | 0.556<br>0.349 | 41.0<br>57.0 |
| PepsiCo | 3 mos. | 3/24 | | | 1,770.000 | 14.0 | 47.200 | 17.0 |
| Pizza Inn | 3 mos. | 3/25 | | | 38.000 | 9.5 | 0.805 | – 15.0 |
| Rax Restaurants | 3 mos.<br>9 mos. | 4/28<br>4/28 | | | 21.800<br>65.900 | 32.0<br>31.0 | 0.546<br>2.600 | 74.0<br>90.0 |
| Restaurant Asc. | 3 mos. | 3/31 | | | 30.000 | 9.0 | 0.013 | – 84.0 |
| Rusty Pelican | 3 mos.<br>9 mos. | 4/15 | 9.350<br>24.600 | 27.0<br>17.0 | | | 0.558<br>1.100 | 54.0<br>44.0 |
| Saga Corp. | 3 mos.<br>9 mos. | 3/24 | | | 284.000<br>825.000 | 10.0 | 8.200<br>24.600 | 33.0<br>18.0 |
| Sandwich Chef | 3 mos.<br>9 mos. | 3/31 | 6.600<br>18.900 | 24.0<br>30.3 | | | 0.216<br>0.486 | |
| Shoney's South | 3 mos. | 4/15 | | | 46.900 | 16.8 | 1.900 | 69.8 |
| Sis Corp. | 3 mos. | 3/24 | 1.400 | 118.0 | | | – 0.960 | |
| T.G.I. Friday | 3 mos. | 4/2 | | | 65.300 | 23.0 | 3.100 | 35.0 |
| USACafes | 3 mos. | 3/31 | 95.000 | 9.0 | 3.750 | 34.0 | 0.474 | 47.0 |
| Vicorp. | 3 mos. | 2/5 | | | 35.000 | 131.4 | 1.070 | 95.8 |
| Western Steer | 12 mos. | 2/24 | | | 36.095 | 25.0 | 1.106 | 38.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

*MULTIUNIT TRENDS*

# Analyzing industry trends brings answers

This is the first in a series of columns analyzing major trends in the multiunit sector. The text of each will be based on excerpts from research reports provided by Restaurant Trends, Middletown, N.J.

Restaurant Trends (RT) is a research company that gathers and analyzes information about the chain restaurant business. Its primary purpose is to focus on the sales dynamics of major chains. Information is gathered from questions asked store managers. They are on the front line, know a great deal about the business, and can be polled quickly and efficiently.

From this source, RT has been able to gather information about a great many important aspects of the industry. These include the tracking of regional, segment and individual chain trends relating to:

- Store sales
- Pricing activities and product prices
- New and established product sales mix and line of business information
- Promotions
- Upgrading
- Average check purchase

A core questionnaire designed for store managers is at the heart of the RT system. It contains key statistical as well as descriptive and observational questions. The most important questions ask for the per cent changes in dollar store sales and average menu prices over the same month in the prior year, and the per cent of dollar store sales accounted for by a specific product or line of business.

Examples of the more general questions include the year the store was opened, the date and direction of the last price change, the type(s) of promotions run, physical characteristics of the store, specific menu prices and the number of months a new product has been served.

As the name implies, RT's primary purpose is the recognition of trends concerning the sales dynamics of the chain restaurant business. Over 97% of the stores RT surveys are two or more years old. (RT cannot interview stores less than a year old since no sales per cent change figure is available.)

Meanwhile, some of the companies RT surveys report figures that, for comparative purposes, are expressed in terms of average store sales. They include new stores and are the net of numerous conditions that tend to distort comparisons with RT's identical store data. Examples of these conditions are: new store volumes that are significantly higher or lower than older units (usually determined by the mix of expansion of established vs. new markets), sharp fluctuations or a high absolute rate of expansion, store closings (usually low volume locations) and inclusion of foreign sales in reported total system sales. Also keep in mind that RT's monthly sales figures are not seasonally adjusted.

Despite these obstacles, RT is able to accurately track fluctuations in chain store sales.

Since RT's data relates to identical stores' trends, they believe it captures the essence of change taking place in a chain's core markets as well, if not better than, average store sales figures which are volatile and prone to misrepresentation.

With regard to sampling, a stratified sample is used in which monthly interviews for a chain are distributed geographically by area code in direct proportion to that chain's actual store population.

On an absolute basis and relative to the industry, the major chains have been doing very well the last several months. Keep in mind that the real store sales trends for the majors historically have been equal to or better than the eating and drinking place series up until mid-1982.

Heavy advertising of many of the fast-food chains; increased consumer recognition, especially in the burger segment; a bevy of new product introductions, and increasing emphasis placed on breakfast appear to be playing a key role in fueling the sales gains of the major fast-food chains and, at the same time, eroding some of the sales momentum in the coffee shop area.

As can be seen in Table I, the 18 major chains listed experienced average monthly per cent gains in nominal store sales of 11% from February through April and an average price factor of 2.7% a month. This translated into real sales gains of 8.1% as compared to 6.7% in the prior three months. Eating and drinking place sales during this period rose 8.2% on average per month with a price factor of 4.2%. Real EDP sales averaged 3.7% compared to 4.6% in the prior three months.

As can be seen in Table II, the 39¢ burger promotion was much more actively pursued by Burger King than McDonald's. Since January, however, it has been steadily on the decline. This type of price promotion appears effective, but it does not seem to make a difference from a sales standpoint whether the price break is on the small burger or a larger one such as the Whopper or Big Mac.

In April the sales gains for the stores carrying the 39¢ prices were not materially different than the chain averages in general. In fact, they were slightly lower. The few remaining McD stores even indicated they would be dropping the 39¢ promo in May.

Possibly the strong sales trends being exhibited by all three of the major burger chains has done a lot to convince operators that holding to a 39¢ price is not the way to go in the current environment. Nevertheless, price promotions of this type probably will be rolled out periodically in order to bolster sales when they begin to falter.

*For further information on Restaurant Trends research, write or phone Carl De Biase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748, 201-671-4444.*

**TABLE I: STORE SALES CHANGES OF MAJOR CHAINS**

**Three Months Moving Average: 2/84-4/84**

| | Average Monthly Per Cent Change Over Previous Year | | | |
|---|---|---|---|---|
| | Nominal Sales | Price | Real Sales | Prior 3 Mos. Real Sales |
| Arby's | 8.0% | 2.0% | 6.0% | NA |
| Big Boy | 14.0 | 4.0 | 10.0 | 7.0% |
| Burger King | 13.0 | 1.0 | 12.0 | 13.0 |
| Church's | 12.0 | 4.0 | 8.0 | 4.0 |
| Denny's | 5.0 | 4.0 | 1.0 | 3.0 |
| Dunkin' Donuts | 7.0 | 2.0 | 5.0 | 1.0 |
| Friendly Ice Cream | 5.0 | 3.0 | 3.0 | 1.0 |
| Hardee's | 7.0 | 2.0 | 5.0 | 12.0 |
| Howard Johnson | 5.0 | 3.0 | 2.0 | 2.0 |
| Jack in the Box | 11.0 | 3.0 | 7.0 | 10.0 |
| Kentucky Fried Chicken | 10.0 | 4.0 | 6.0 | 5.0 |
| Long John Silver | 8.0 | 3.0 | 5.0 | 3.0 |
| McDonald's | 11.0 | 0.0 | 11.0 | 10.0 |
| Pizza Hut | 14.0 | 3.0 | 11.0 | 9.0 |
| Ponderosa | 15.0 | 5.0 | 9.0 | 8.0 |
| Taco Bell | 20.0 | 3.0 | 16.0 | 10.0 |
| Wendy's | 19.0 | 3.0 | 16.0 | 15.0 |
| Winchell's | 14.0 | 2.0 | 12.0 | 4.0 |
| Average | 11.0% | 2.7% | 8.1% | 6.7% |
| Eating and Drinking Places | 8.2% | 4.2% | 3.7% | 4.6% |
| Food Stores | 6.4% | 4.0% | 2.2% | 3.3% |

Source: Restaurant Trends

**TABLE II: 39¢ HAMBURGER PROMOTION**

| | % of Surveyed Stores Participating | | Monthly Store Sales Performance of Participating vs. Nonparticipating Stores | |
|---|---|---|---|---|
| | Burger King | McDonald's | Burger King | McDonald's |
| January '84 | 64% | 26% | Same | Better |
| February | 44 | 22 | Same | Better |
| March | 23 | 24 | Better | Same |
| April | 10 | 10 | Same | Better |

Source: Restaurant Trends


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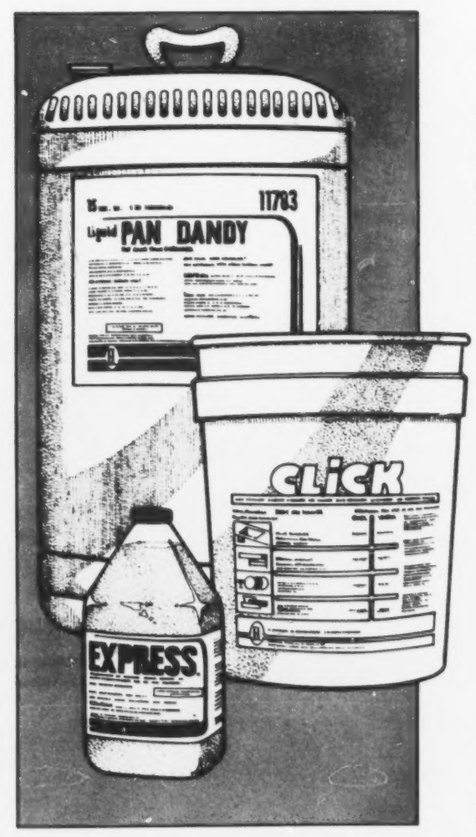


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# Hotel execs seek niches in coming expansion

(Continued from page 8)
Since the acquisition, Omni-Dunfey has been operating as "two separate organizations," Canas said, borrowing its marketing techniques from the airlines. There are currently eight management contracts for Omni-type hotels scheduled to open between mid-1985 and mid-1986 to go with the 16 Omni hotels now in operation.

"Like the airlines, Omni represents our first-class service," Canas said. "The same services are available at all Omni hotels despite varying size of the properties. We are making a significant effort to promote the Omni name which is currently geared to seven markets. We hope to expand into other markets in 1986."

Manuel Ferris, new president of The Howard Johnson Hotel Group, has a different set of problems to contend with as the once-powerful restaurant and hotel chain conducts "operation catch-up."

"We used to be one of the largest restaurant and hotel chains in the country, but we went to sleep," Ferris said. "We are currently working to upgrade our 500 lodges which represent about 60,000 rooms."

But a facelift of existing properties, which will include "a complete change of physical appearance" of the familiar orange-roofed lodges and a new franchising program launched recently, are only one phase of the Howard Johnson lodging plan. A move into full-service hotels is also on tap in the near future, Ferris said, based on a whole new hotel prototype.

"We hope to expand throughout the United States with a new line of full-service properties," Ferris said. "We are willing to buy existing facilities, build our own or do joint venture deals, anything and everything to achieve hotel growth." He stressed, however, that the company will "stick very much to the midpriced market."

While there will be little net growth over the next three or four years as the company works to remove nonproductive properties from the system and build new ones, Ferris said, Howard Johnson is "well on its way to creating a new hotel company and will use every available means of financing to achieve its goals."

Phoenix-based Ramada Inns will grow through acquisitions, new construction and franchising, according to senior vice president Mark Forrester, while pursuing a "segmented approach" with three different types of properties all in the "midmarket range."

Ramada Inns offer informal food and beverage service and limited meeting space while higher-priced Ramada Hotels feature a wider range of services geared to the commercial traveler. For both of these concepts franchising will remain the "dominant weapon".

For its more upscale Renaissance properties, however, Ramada is seeking management contracts of "primarily new facilities," Forrester said.

Ramada will add 10,000 rooms this year, Forrester said, and is projecting a total of 140,000 guest rooms in the system within the next five years. The majority of growth will take place in the Ramada hotel and Renaissance properties with many of the older Ramada Inns being closed down.

While the majority of new growth will come from the midpriced, full-service sector of the industry, a sizable chunk of the estimated $52 billion that will be spent on lodging development over the next eight years will be targeted toward other types of properties.

In the budget segment, for example, Amlin, Ohio-based Red Roof Inns—the largest wholly owner-operated budget chain in the United States—will continue to crank out its cookie-cutter, no-frills properties at the rate of about 15 to 20 motels a year, according to Bill Denk, senior vice president of finance.

"We're positive about our market niche," Denk said. "Our main challenge will be to hold construction costs and room rates down while maintaining our quality image. There's no problem with market saturation as long as we develop prudently and don't overbuild in marginal markets."

Further development in the moderately priced market will come from Marriott's new Courtyard concept, which was first tested last year in Georgia and is now set for substantial expansion over the next 18 months.

Plans call for some 20 to 30 Courtyard properties in five multiple market areas including: New Jersey/New York; Washington, D.C./BAltimore; Chicago/Milwaukee; northern California, and Georgia and adjacent states.

Total investment in Courtyard could reach $2 billion over the next five years, company sources said, and over the next decade, Marriott plans to open some 300 Courtyards with more than 50,000 rooms.

A proliferation of all-suite properties, which currently account for only 1% of the lodging market, will also take place in the near-term.

With prosperity expected to last at least through 1986, according to Laventhol & Horwath estimates, oversaturation of the lodging marketplace would seem to be a problem, despite the fact that two rooms go out of circulation for every 10 that are built.

"Marketing is the key," said Howard Johnson's Ferris. "There will never be an oversupply of rooms. The problem we must all overcome is underutilization."

# Hotel chains push all-suites viability

(Continued from page 3)
ily, the long-staying guest and the businessman who does not want to entertain in a room which looks like a bedroom.

Real estate requirements for each concept vary widely. Royal Hotels looks for a site where an office building will do well, since each of their units is part of a larger site development which includes a central atrium, two office buildings, a traditional hotel, restaurant and quiet bar. By combining the concepts, Royce saves significantly on combined parking space, according to chairman Arthur Mever.

Still a relatively new concept for the hospitality industry, the all-suites nevertheless have rapid expansion schedules. By 1988 there will be one concept coming from the Embassy/Granada merger and 150 units of that concept will be open. By the end of 1984, Bob Brock estimates that 40 Residence Inns will be in operation and 30 more will be under construction.

Funding will come from institutional investors and franchisees. Park Suites are progressing slowly and will be built only as company owned or joint venture deals. Royce hopes to franchise their new division, and Embassy/Granada properties, which are planned for the top 100 sales marketing selling areas, will be 50% franchised. The company plans to take the first 10 marketing areas for itself and build 75 hotels.

# Saga set to expand role in hotel dining

(Continued from page 3)
chains and their franchisees, and with independent multiunit hotel developers, is a new twist for Saga (probably offering attractive ROI advantages).

With the new Granada Royale ventures, Saga has had an opportunity to open units of the otherwise static Velvet Turtle white tablecloth concept, both in freestanding modes and incorporated into the all-suite hostelries.

Room service and banquet operations are functions of the Saga teams in each of the hotels. For San Diego-based Vagabond Hotels, Saga operates one banquet room in the stylish Brandon's restaurant, and two more banquet rooms in Vagabond's adjacent Beverly Heritage property.

Brandon's, a concept Saga might deploy in future hotel ventures, features a contemporary oak-and-brass look accented by glassed-in displays of fresh beef and seafood, and displays of French pastries

The à la carte menu, again emphasizing beef and fish, lists items priced from $3.25 to $14.95 at lunch, and from $8.95 to $16.25 at dinner. Along with full liquor service and a modest wine list, Brandon's offers four premium varietal wines by the glass.

Anticipated sales volumes and targeted profit margins of hotel units are not disclosed by officials of the restaurant management division. But estimates place restaurant management margins at only 3% vs. about 8% overall in Saga's restaurant chains, including Velvet Turtle, Stuart Anderson's Black Angus and Spoons.

In fiscal 1984 Saga's upscale fast-food units, Grandy's and Straw Hat Pizza, contributed most heavily to the 23.2% gain in corporate net profit to $24.5 million on revenues of $825.3 million for the nine-month period ended March 24. (Net profit for the full year ended last month is expected to total about $31 million, up 30% from 1983.)

The 205-unit Straw Hat chain (about 110 are company owned) and the 96-unit Grandy's chain (41 company owned) together yield an approximate 14% operating margin for the upscale fast-food division (with Grandy's itself doing at least three points better on margin, according to estimates).

Black Angus remains one of Saga's most stable dinnerhouse concepts, with its 109 restaurants averaging sales of $2.5 million apiece per year. But Texas-based Grandy's, acquired by Saga last July, is one of the company's rising stars.

Saga expects to expand Grandy's by some 30 company-owned and 50 franchised units over the next 12 months, bringing the chicken-and-biscuit chain to a size which could yield as much as 20% of Saga's total operating profit for fiscal 1985.

Although Saga chairman and ceo Charles Lynch had anticipated some dilution of corporate profit as Grandy's was melded into the overall Saga empire, the chicken chain pleasantly surprised him with immediate contributions.

Last fall's acquisition of Spoons, and the current anticipated tripling of the six-unit gourmet burger-and-ribs chain in the coming year, is a further symptom of the strategic realignment of Saga by Lynch and company over the past several years toward restaurant operations.

Commodity inflation and the lag time in invoking escalation clauses has always meant slimmer margins for contracts—a fact of life reflected in the estimated contribution from all current Saga contracts of only 38% of 1984 operating profit, even though contracts produced about 63% of Saga's approximate $1.12 billion in total revenues for the year.

As successor to ARA Services at downtown Los Angeles' Arco Plaza highrise, the corporate division expects to generate about $6 million in sales this year from nine separate food-service outlets, including the white tablecloth Francois' and O'Shaugnessy's restaurants (despite estimates from sources close to ARA claiming the Arco contract had been in the $16 million-$21 million-a-year range).

At the highly regarded Francois', one of Saga's initial priorities is scrapping a recently instituted "California Continental" menu, and replacing it with the traditional French menu on which the $2.5 million-a-year restaurant built its reputation.

# Sleeping giant K mart stirs in food service

(Continued from page 1)
selling items in the delis include Icees, K mart's frozen aerated drink, popcorn and sandwiches.

Swisher is still tinkering with The Eatery, which could be the first time K mart has given a food-service outlet a separate identity with a name. One full-scale test is under way in Troy with a new menu.

In the 85 family restaurants enjoying choice upfront locations at the former W. T. Grant stores K mart took over in the early 1970's, Swisher has added some new sandwiches—including tuna melt, chicken breast and a ham-and-cheese club, priced at $1.95, $1.85 and $2.50, respectively.

Swisher also oversees 40 fast-food snack bars and 13 coffee shops in the K mart stores.

In the remaining 200 Kresge stores, there are 77 original soda-fountain-and-grill "dinettes," with $1.25 sandwiches and $1.15 ¼-lb. burgers. The Kresges also have 28 cafeterias and 15 snack bars.

In addition, K mart operates a budget steakhouse, a smorgasbord cafeteria, and two coffee shops in other K mart outlets. It closed down two fast-food and video-game parlors dubbed Abra K Dabra last year, six months after they opened.

But the heart of K mart's in-store feeding operations remains its 1,274 back-of-the-store cafeterias, which was Swisher's first challenge four years ago.

Swisher's small army of district managers is stretched thin. Each one oversees 30 units, compared to fewer than 10 in fast food, and must deal with store-level merchandise managers as well as store-level food-service managers.

With five K mart distribution warehouses handling his department's drygoods, foodstuffs are purchased at the local level.

# Wendy's faces challenge in sustaining momentum

(Continued from page 2)
Beef?" ads is planned.
responsibility and a computerized television system that graphically depicts how to assemble orders.

But Wendy's could get its biggest boost from new high-tech, diet-conscious ads for its salad bar and a series sniping at the "processed" chicken used by McDonald's and Burger King in their chicken entrees. Wendy's chicken club, the ads assert, use "real" boneless breast of chicken.

Analysts at the meeting generally approved of Wendy's plans. But a point of controversy flared when several asked for sales mix figures that Wendy's, citing competitive reasons, declined to divulge.

New management systems under test include a way to free store managers of production

# Portable edibles step up business

(Continued from page 2)
the first year and I believed them. I'm the schmuck.

"If you have a choice to not go into a food court, don't. But if you do, find out who your neighbors are first and then jam as many compatible products into one space as possible within the confines of good taste," Liederman said.

One major advantage of a walk-around concept, Liederman and Phelan agree, is its easy convertibility. "If it's not working, change it," said Phelan.

Liederman, who has not spent a cent on advertising David's ice cream, cookies or French bread, recommends "putting your money where their mouths are—in the product. Get people to talk about your products. Word-of-mouth beats a minute on the Super Bowl for selling foods in the United States," he said.

Countermen are an integral part of any walk-around operation's image and reputation, said Liederman. "The sales staff is your link to the outside world. Countermen are the chairmen of the board of your companies.

"Gelato and tofutti won't ever take a bite out of all-American ice cream. You're going to see every conceivable combination of cookies and ice cream and all types of toppings on pizza and French breads. Anything that's easy to eat," said Liederman.

NEW TECHNOLOGIES GENERATE CONTINUING

# CHANGE

A world of new possibilities awaits exploration by food-service professionals. The rewards are rich, but first must come a starting point: Making technology understood.

*By Charles Forman*

The generations of the computer in food service are as full of dramatic history as the generations of the prophetic figures of the biblical Old Testament. But unlike the Bible, the book on the computerization of food service has chapters to go.

### *Types of Computer Systems Used in Establishments**

| | Total % | Independent % | CHAIN | | |
|---|---|---|---|---|---|
| | | | Fast Food % | Family Restaurant/ Coffee Shop % | Dinnerhouse % |
| Point-of-sale (POS)/ electronic cash register | 88 | 88 | 90 | 90 | 83 |
| Computers other than point-of-sale | 47 | 45 | 56 | 43 | 40 |

**Adds to more than 100% due to multiple responses*
Source: *NRN* Computer Systems in Food Service Trade Study

### *Length of Time Establishments Have Been Computerized*

| | Total % | Independent % | Total Chain % | CHAIN | | |
|---|---|---|---|---|---|---|
| | | | | Fast Food % | Family Restaurant/ Coffee Shop % | Dinnerhouse % |
| 2 years or less | 21 | 38 | 14 | 14 | 10 | 20 |
| 3-5 years | 38 | 32 | 40 | 44 | 37 | 37 |
| 6-10 years | 31 | 28 | 32 | 28 | 37 | 33 |
| 11 years+ | 9 | 2 | 12 | 14 | 13 | 7 |
| Don't know/ no answer | 1 | — | 2 | — | 3 | 3 |
| (Mean) | (5.7) | (4.0) | (6.3) | (6.5) | (6.8) | (5.4) |

Source: *NRN* Computer Systems in Food Service Trade Study

### *Mean Length of Time Required to Realize Return On Investment for Computerized System*†*

| Total | Independent | CHAIN | | |
|---|---|---|---|---|
| | | Fast Food | Family Restaurant/ Coffee Shop | Dinnerhouse |
| 27.6 | 25.2 | 28.7 | 30.6 | 25.6 |

**Does not equal 100% due to rounding. †In months.*
Source: *NRN* Computer Systems in Food Service Trade Study

### *Important Factors in Decision to Switch* To A Computerized System*

| | Total % | Independent % | CHAIN | | |
|---|---|---|---|---|---|
| | | | Fast Food % | Family Restaurant/ Coffee Shop % | Dinnerhouse % |
| Provides more/better information | 28 | 25 | 24 | 30 | 37 |
| Better control of operations (inventory, cash) | 25 | [illegible] | 16 | 23 | 37 |
| Speed | 24 | 18 | 26 | 20 | 33 |
| More accurate | 16 | 22 | 18 | 3 | 17 |
| Reduced cost/labor needs/increases productivity | 13 | 10 | 16 | 17 | 7 |

**Adds to more than 100% due to multiple responses.*
Source: *NRN* Computer Systems in Food Service Trade Study

It's upsetting, nonetheless, to devotees of the latest (and most utilitarian) food-service technology that early this year the Cornell Hotel and Restaurant Administration Quarterly could devote its lead article to asking restaurateurs, "Do You Have Technophobia?"

It's surprising, too, when the owner of a burgeoning Southern restaurant company talks about the computerizing of an increasing number of management functions at his restaurants so tentatively: "We could come up with an endless stream of useless numbers, but I'm not sure I understand them. . . ."

And it's discouraging to proponents of the new systems when a general manager at a group of tablecloth restaurants notes, "Of the 10 other managers working for our company, only four aren't afraid of the computers we've installed."

He adds smugly, however, "The desks of the other six, of course, are swamped with paperwork; their calculators are always out."

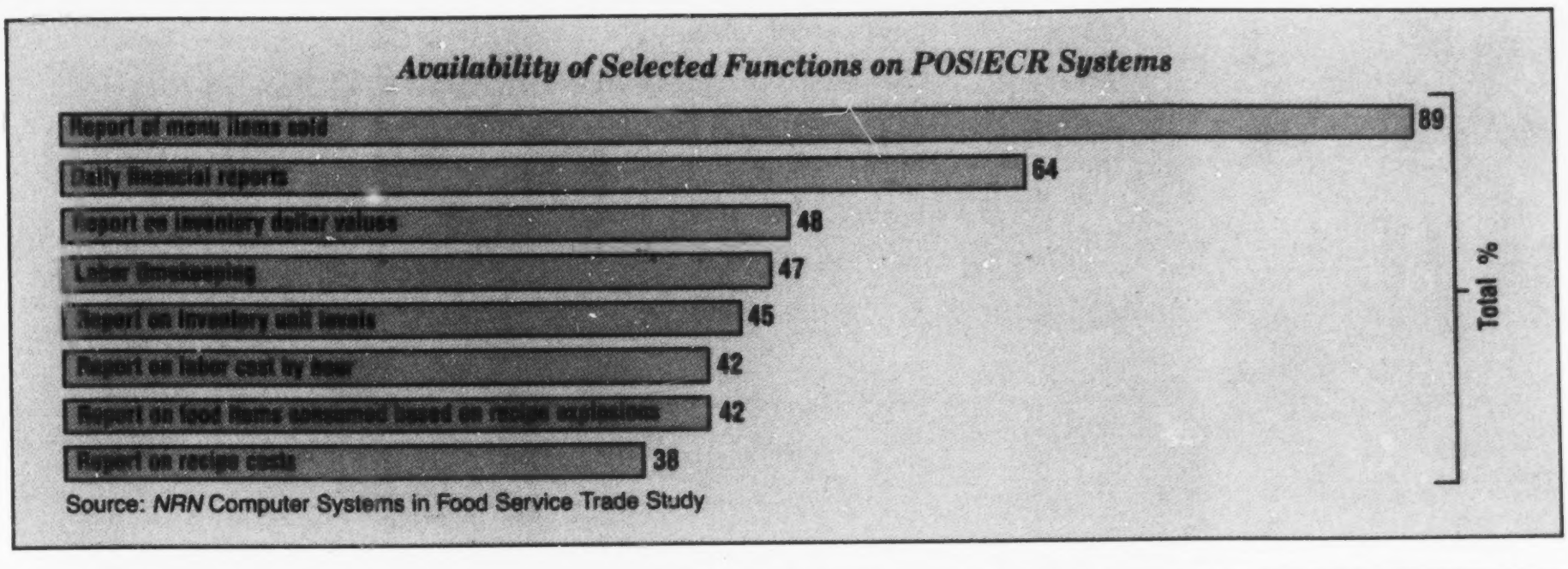
Beyond doubt, the biggest roadblock to the technological revolution that's waiting impatiently in food service's wings is making that technology understood by the technophobes.

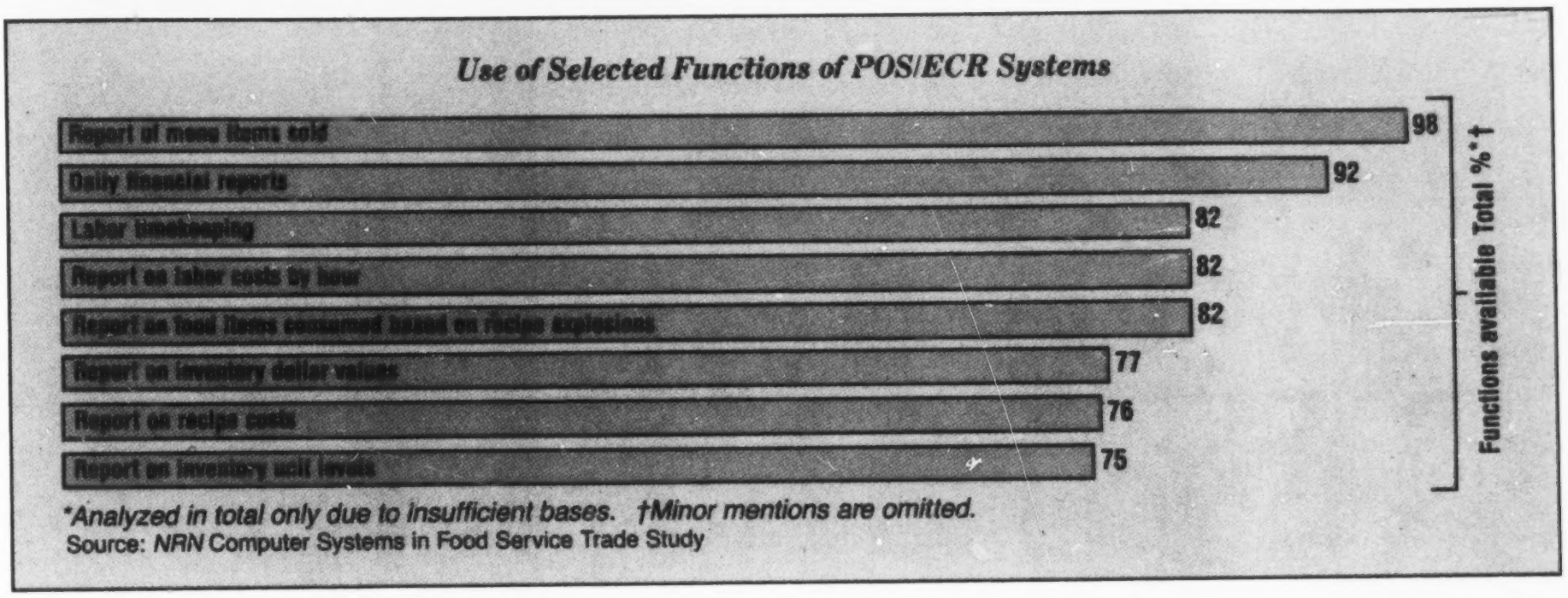
Bruce Kliewer, who spent 16 years as a restaurant chain controller and vice president and now develops restaurant control systems at his own consulting firm in Oklahoma City, says, "I see three types of computer users out there."

First, Kliewer puts his finger on the major chains "who can afford to develop their own software" and eventually get it right. Then there are the hobbyists, "who spend any amount of time—if they put a dollar value on it, it'd be hundreds of thousands," developing their systems: "Some are pretty good." Finally, Kliewer sees the bulk of independent and small chain operators, the ones who end up with "the nightmares."

"They're the ones with three or four units, and the wife or secretary is supposed to be the computer operator. It never works."

But the winds of change are blowing gale force. The fruits of microchip technology are increasingly sweet to smart operators as the bulk of articles in this





Use of Selected Functions of POS/ECR Systems
Report of menu items sold
98
Daily financial reports
92
Labor timekeeping
82
Report on labor costs by hour
82
Report on food items consumed based on recipe explosions
82
Report on inventory dollar values
77
Report on recipe costs
76
Report on inventory unit levels
75
Functions available Total %*†
*Analyzed in total only due to insufficient bases. †Minor mentions are omitted.
Source: NRN Computer Systems in Food Service Trade Study

first-ever Restaurant Technology supplement to *Nation's Restaurant News* show.

To put this reportorial legwork in perspective, so that operators can get a handle on what peers across the country are doing, results of an in-depth survey of computer uses and trends in food service are featured in this and following articles.

Events are outrunning mere journalism, though, as new developments in this exciting area constantly add new possibilities.

The basic computerization of food-service has been at the cashier's station, with ECR/POS units.

All participants in *NRN*'s survey utilize some form of computer in their businesses. Nearly 9 in 10 (88%) say they use point-of-sale (POS) or electronic cash register (ECR) systems. Back-of-the-house or other systems are used by less than half.

The average restaurant in the survey has been computerized 5.7 years. But only 4 in 10 have been computerized at least six years, while a little better than 1 in 5 have had their systems less than two years.

The rush to front-of-the-house units first is dictated by the logic of the business. It's a cash business, and the systems available have been first and foremost cash watchdogs.

"To start with, there are different levels of security," remarks Charles Pizzo, concerning the very typical system at La Louisiane, a New Orleans tablecloth operation. Pizzo is assistant to Joseph Marcello, president of the company that owns La Louisiane and four other restaurants. "Only certain people can punch into the system and ring checks.

"Then, at the end of the day, we get a full breakdown of all transactions. We know right away where any shortage or overage is."

Pizzo also notes, "There's maybe nothing more important in an operation."

This is why there's still so much product development in the POS area. At the recent National Restaurant Association Show in Chicago, crowds were wowed by fourth-generation systems that go way beyond reporting transactions to incorporate software applications for word processing, electronic spreadsheets and accounting.

The makers are obviously aware that operators' first dollars are going to go for their front of the house systems.

The dollars are hefty. Even a small state-of-the-art POS set-up, three programmable terminals connected to a single processor, costs about $20,000, Bruce Kliewer estimates.

The *NRN* survey queried operators on the time necessary before a return on investment was realized on their systems. A significant proportion (68%) reported the time frame as "between one and five years."

Many suppliers stress the ROI to be expected when they sell the merits of their systems. Most op-

- *Wage & Benefits Study—Pp. 49-61*
- *100 seasons of the Four Seasons—Pp. 39-42*

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Nation's
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The Newspaper of the Food Service Industry

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# '84 tax act a mixed bag for industry

## *Targeted Jobs Credit preserved; liquor taxes raised 19%*

By Ken Rankin

WASHINGTON — This year's final tax package, sent to President Reagan late last month as a "down payment" on the bulging Federal deficit, preserves the Targeted Jobs Tax Credit Program through 1985 and offers food-service operators and employees some minor relief from the Government's controversial tip reporting requirements.

But at the same time, the new "Deficit Reduction Act of 1984" also calls for stiff increases in Federal liquor taxes, opens the door for taxes on employee "fringe" benefits, and contains a provision requiring all tips reported by restaurant workers be treated as "wages" under the Federal Unemployment Tax Act (FUTA).

The new law, designed to trim some $50 billion from the Federal deficit, also contains a series of restrictions on existing tax breaks available to restaurant operators. The most controversial of these: a new real-estate depreciation formula which will require food-service firms to write-off the cost of new buildings over 18 years (rather than the present 15 year accelerated schedule).

The legislation also postpones scheduled increases in the ceilings on investment tax credits and the "expensing" of restaurant equipment, and similarly delays reductions in the Federal estate tax—a key area of concern for independent food-service owners.

Lobbyists from the National Restaurant Association, the Foodservice and Lodging Institute, and a number of major chains such as Pizza Hut had concentrated the lion's share of their efforts on preserving TJTC wage subsidies in the face of mounting Congressional sentiment in favor of budget cuts this year.

That program, which offers Federal tax credits of up to 50% of the first year wages paid to each qualified "disadvantaged" worker hired, had been scheduled to expire at the end of 1984.

In testimony before Congress earlier this year, industry leaders repeatedly called for a "multiyear" extension of the subsidies, arguing that a five-year reauthorization of TJTC was "absolutely essential" to encourage greater food-service participation in the program.

The final TJTC provision, however, fell far short of the industry's goal.

Although the Senate approved a three-year extention of the program, the final legislation hammered out by Congressional tax conferees and sent to the President preserves TJTC wage subsidies for only one more year (through the end of 1985).

Privately, some lobbyists acknowledge that it may be difficult if not impossible to secure a further extension of the program next year when Congress begins work in earnest on reducing the long-term Federal deficit.

The liquor tax increase ap-

*(Continued on page 110)*

# Collins Foods buys Josephina's; holds to fast diversification track

By Joe Edwards

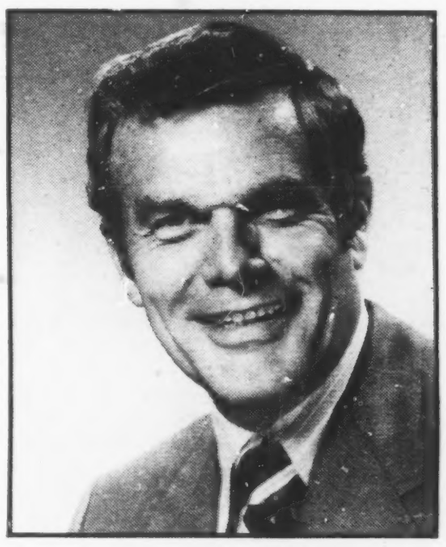
LOS ANGELES — Diversification-minded Collins Foods has added yet another trendy concept to its growing list of expansion vehicles with the acquisition late last month of the 10-unit Josephina's Cafe & Pizzeria.

In rapid-fire succession over the past year, Collins Foods, owner-operator and franchisor of Sizzler family dinnerhouses and the largest Kentucky Fried Chicken franchisee, has moved into stylish burger cafes, deep-dish pizza and Mexican dinnerhouses.

Collins' latest move came on June 21 when chairman-founder Jim Collins disclosed that he had put together a deal to acquire on an earnout basis for an undisclosed amount of cash and notes the West Coast-based Restaurant Concepts of American, owner-operator and franchisor of Josephina's.

"This moves us ahead in the pizza business by two years," Collins declared during an appearance before the New York Society of Security Analysts. Collins is also expanding Gino's East, a well-known Chicago deep-dish pizzeria which he purchased last year for $2.5 million.

Gino's East and Josephina's will be operated as separate companies but parts of the management of both will be merged, Collins said.



James A. Collins

Like many other food-service operators, Collins sounds convinced that it is better to put his eggs in many different baskets as a hedge against problems in any one segment.

He joins a growing list of major operators who are pursuing such strategies, including Diversifoods (with Chart House dinnerhouses, Moxie's burgers, Luther's barbecue, Godfather's Pizza and franchised Burger

*(Continued on page 110)*

# *ARA, Volume Services gear for '84 Olympic feeding melee*

By Richard Martin

LOS ANGELES — The stage is set for a gargantuan feeding operation that in its own way will rival the 1984 Summer Olympic games it is designed to serve.

ARA, the main contract feeder for the events, is expecting 2.5 million customers during the 16-day Olympic period.

ARA is also serving some 60,000 meals a day to athletes, coaches and staff.

Inside the Coliseum where Volume Services, a subsidiary of Chicago-based Interstate United, will handle feeding, food sales capacity has been beefed up with 50% more points of service than usual.

Herbert Ring, ARA's director of Olympic concession services, thinks he's hit on just the appropriate simile for the Olympian magnitude of the feeding effort.

"Think of a brand new pro hockey or baseball league, and all the food services and facilities you'd need to set up—the menus, the distribution, the equipment leasing, the 1,000 employees . . . 25 locations of major magnitude."

Then comes the kicker, Ring notes. "It's all to run for just 16 days."

*(Continued on page 110)*

*San Francisco, here they come*

# Big event schedule boosts recovery hopes

SAN FRANCISCO — All-Star baseball and a big powwow of Democrats—plus the Super Bowl—are all helping perk up hopes for a major recovery this year by food-service and lodging operators here.

At last, Bay Area hospitality industry analysts expect 1984 to yield some gains after four years in a row of flagging visitor traffic. Local hotels and restaurants could see tourism approach—if not surpass—record 1979 levels, aided by the return of San Francisco's fabled cable cars and an influx of major conventions and sporting events being held here.

Residual business from visitors to the Los Angeles Olympics is another factor expected to bolster the city's $1.3 billion tourism economy.

However, an expected downturn in the number of foreign visitors put off by the strong dollar will mitigate the upturn, resulting in a 3% to 4% increase in the number of visitors this year over last, according to predictions of the city's Convention and Visitors Bureau. Nonetheless, the 15.4% visitor decline from 1979 through 1983 will be slightly reversed.

Although not quite hitting the 2.87 million-visitor high water mark of 1979, a total of some 2.5 million out-of-towners could flock to the city this year, where they should spend an average 65% of their total cash outlay on rooms and meals (out of an average $94 per person spent during each day of the typical stay).

The cable cars have been back on track only a few weeks

*(Continued on page 110)*

## LATE NEWSBREAKS

**Royal Crown shareholders have approved a $241 million buyout by a firm controlled through financier Victor Posner. Posner was named chairman of Royal Crown, Arby's parent.**

**New Jersey has joined a growing number of states that will hold social hosts liable for auto accident injuries caused by guests they serve and allow to drive drunk. The state Supreme Court said it sensed changing attitudes toward drinking "whether in home or tavern."**

**Beefsteak Charlie's plans to begin testing a new cafe concept in August in a converted unit in Staten Island, N.Y. Menu will feature ribs, pasta, steaks and large burgers with an $8 projected average check.**

**Steven Neeley has been named president and ceo of 200-unit Texas-based Golden Fried Chicken, replacing Dirk Dozier, who sold his interest in the company but remains a franchisee. Neeley was a vp at United Phoenix Companies.**

## *FMIC: Feeding big political appetites in cramped spaces*

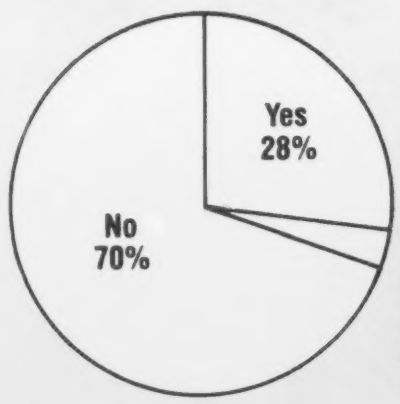
SAN FRANCISCO — Hammering out a platform, nominating presidential and vice presidential candidates and listening to speeches until late at night can make a political party downright hungry.

And working with only 8,000 sq. ft. of food-service prep and storage space in the 266,000-sq.-ft.-plus Moscone Center has turned out to be a sizable challenge for the contractor feeding the Democratic National Convention here July 16-19.

The task of nourishing some 30,000 delegates, journalists and others at the convention hall falls to locally based Facilities Management Inc. of California, which had some concerns going in about the tight squeeze in the kitchen.

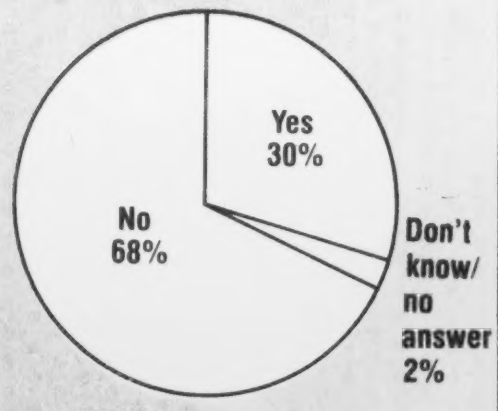
*(Continued on page 110)*

***Incidence of POS/ECR and Non-POS Systems Interfacing With One Another***




Source: *NRN* Computer Systems in Food Service Trade Study

***Incidence of Use of Non-POS Computers To Poll Individual Units***




Source: *NRN* Computer Systems in Food Service Trade Study

erators find an exact ROI hard to calculate, however. Nevertheless, like Charles Pappas, who's owned Michael's restaurant near the Mayo Clinic in Rochester, Minn., for 34 years, once they've had a successful system up and running for a while, they're concentrating on other things.

"It's taken longer than the salesman said," Pappas reports, "but I'm not paying much attention too *that*. I see irritating errors completely eliminated, and for that reason it's worth the cost."

In querying operators on why they computerized, the *NRN* survey found that in addition to obtaining tighter control of cash and inventory many were looking for administrative savings through computer speed and better quality information.

The most-used functions of POS/ECR systems, where available, are menu item reports and daily financials. Also used in three-quarters or more of the instances where the functions are available are labor timekeeping and hourly labor cost reports, breakdowns of food items consumed by recipe explosion, reports on inventory dollar values, recipe costs and inventory unit levels.

Inventory control is the other side of cash control, of course, and no cost control system is really efficient until inventory usage is tracked to the smallest detail.

P. J. Murphy, controller at Boston-based Polcari's, operator of 11 Pizzeria Regina fast-food outlets, explains: "Look at it this way. At Pizzeria Regina, our biggest investment on a daily basis is inventory."

Connecting POS/ECR systems with non-POS computers for polling has been mainly the purview of the chains. In the *NRN* survey, the majority of respondents (70%) do not have interfacing systems.

The spread of so-called slave units connected to a microcomputer is, however, giving independents the advantages of polling.

Some say, though, that while they're getting a handle on their systems, they don't mind the time spent re-entering data on back-of-the-house units. When systems are compatible, that's sometimes just changing a tape.

Back-of-the-house computer uses are not much different in food service at present than in other industries.

Most are in the financial accounting area. Widely used functions here, according to the *NRN* survey, are accounts payable, general ledger, monthly P & L, sales accounting and payroll.

Among food and beverage control functions, automatic pouring and beverage inventory top the list.

Certain planning and budgeting functions are used extensively. These include cash flow forecasts, some marketing planning and budget preparation.

Spreading in use, but still mistrusted by many operators, is the use of computerized cooking equipment that can be set to time cooking for precise consistency and cost control, and the utilization of computers to control and time restaurants' HVAC systems.

Lists are, in many senses, inadequate to describe the present and potential impact of technological

***Proportions Rating Selected Results Derived From Computer Usage As "Extremely/Very Beneficial"***

| | | | | CHAIN | | |
|---|---|---|---|---|---|---|
| | Total % | Independent % | Total Chain % | Fast Food % | Family Restaurant/ Coffee Shop % | Dinnerhouse % |
| More accurate reporting of sales | 83 | 85 | 83 | 88 | 80 | 77 |
| More timely reporting | 54 | 55 | 54 | 66 | 47 | 40 |
| Reduced operating costs | 49 | 35 | 54 | 60 | 57 | 40 |
| Reduced shrinkage | 43 | 55 | 39 | 40 | 40 | 37 |
| Reduced administrative expenses | 38 | 32 | 40 | 46 | 40 | 30 |

Source: *NRN* Computer Systems in Food Service Trade Study

## 'Of the 10 other managers working for our company, only four aren't afraid of the computers . . . The desks of the other six . . . are swamped with paperwork.'

***Mean Percentage By Which Costs Have Been Reduced By Use of Computerized Systems***

| | Total % | Independent % | Total Chain % | Fast Food % | Family Restaurant Coffee Shop % | Dinnerhouse % |
|---|---|---|---|---|---|---|
| Shrinkage | 21.7 | 17.2 | 23.5 | 22.2 | 24.6 | 24.2 |
| Operating costs | 19.0 | 15.0 | 20.3 | 18.7 | 19.2 | 23.9 |
| Administrative expenses | 18.6 | 13.8 | 20.3 | 16.6 | 18.3 | 28.3 |

Source: *NRN* Computer Systems in Food Service Trade Study

***Mean Summary of Degree of Difficulty Associated With Selected Aspects of Computer Usage****

| | Total | Independent | Total Chain |
|---|---|---|---|
| Finding competent computer operations staff | 2.3 | 2.2 | 2.4 |
| Training your restaurant staff in the use of the system | 2.3 | 2.0 | 2.4 |
| Computer hardware breakdowns | 2.3 | 2.4 | 2.2 |
| Computer software problems | 2.2 | 2.2 | 2.2 |
| Lack of customization of system to your needs | 2.2 | 2.0 | 2.4 |
| Service by vendors | 2.1 | 1.9 | 2.2 |

**Based on a scale where: 5 equals 'extreme difficulty'*
*4 equals 'very difficult'*
*3 equals 'somewhat difficult'*
*2 equals 'not too difficult'*
*1 equals 'not at all difficult'*

Source: *NRN* Computer Systems in Food Service Trade Study

***Proportions Extremely/Very Satisfied With Selected Aspects of Most Frequently Used POS/ECR System***

| | Total % | Independent % | Fast Food % | Family Restaurant Coffee Shop % | Dinnerhouse % |
|---|---|---|---|---|---|
| | Bases 132 | 35 | 45 | 27 | 25 |
| Hardware equipment | 49 | 51 | 44 | 56 | 48 |
| Software features | 48 | 66 | 31 | 48 | 52 |
| Service | 57 | 69 | 40 | 67 | 60 |
| Training | 46 | 63 | 31 | 33 | 60 |

Source: *NRN* Computer Systems in Food Service Trade Study

change on food service.

Not all changes are generated by researchers looking for a quicker, less costly way to do the same things that are already being done.

Changes in Federal and state law and bureaucratic regulation are also having a significant impact on the computerization of the restaurant industry.

The requirements of TEFRA, for example, in forcing operators to keep close track of tips, have given the computerization of the industry a boost. How many operators will buy programmable time accounting devices or other software and hardware items with just such new demands in mind?

Likewise, increased competition in the fast-food sphere has accentuated the importance of the marketing function at many chain headquarters. In turn, this has sent software developers scurrying to come up with sophisticated programs to make use of the giant data bases being built for intricate modeling uses.

Airline caterers like Sky Chefs are finding that because of the high degree of computerization the airline industry has achieved, they can make use of highly accurate passenger load data to control their own operations in novel ways, such as projecting food preparation equipment needs.

It's hard to doubt that even more significant new uses of technology in food service are coming. A few years ago, a rash of reports appeared touting the coming of robot waitresses. These turned out to be part of a giant hoax.

But in today's restaurant technology, such flights of fancy are the exception rather than the rule. Restaurants are not likely to turn into spaceships or anything like it for a while yet. Nonetheless, the sweeping force of computerization has only begun to make its impact felt.

# REGULATING THE USAGE OF MANPOWER

## Stopping time theft, eliminating costly clerical errors and shoring up the estimated $120 billion annual loss attributed to these justify computerization's 'glittering appeal.'

*By Charles Forman*

At Michael's, a popular 455-seat Greek-American restaurant in Rochester, Minn., owner Charles Pappas expresses satisfaction that he has solved one of the knottiest problems faced in his 34 years as proprietor.

Just months ago, Pappas installed an electronic time accounting system to help him manage the single most precious commodity he uses in the restaurant: His employees' time.

To many residents, Rochester is a sleepy town of 60,000 inhabitants. But Michael's is anything but sleepy. In four dining rooms and a lounge, full-service lunch and dinner business accommodates 1,000 to 1,200 customers a day.

Two blocks away is world famous Mayo Clinic, which draws half-a-million people a year into Rochester. Fifty per cent of Pappas's business comes from the clinic.

To meet demand, Michael's has 160 employees on its payroll. Pappas groans as he recalls the myriad control problems he faced each day for years.

Particularly vexing to him, he says, were the "time theft" he was subjected to using an old-fashioned time clock and clerical errors in computing hours and wages.

A consultant's survey estimates that workers steal $120 billion a year in time from employers by

### *What Lost Time Costs*

**This chart shows what five minutes of time lost per employee each day can cost a food-service operation in a year. (Based on eight-hour day, five-day week, 255 working days a year.) You may prefer to read this as savings in terms of work performed that could be incurred if just five minutes a day per worker could be recovered.**

| Hourly Wage | 10 Workers | 50 Workers | 100 Workers |
|---|---|---|---|
| $3.35 | $1,424 | $3,559 | $14,238 |
| $4.50 | 1,913 | 4,781 | 19,125 |
| $5.50 | 2,338 | 5,844 | 23,375 |
| $6.50 | 2,763 | 6,906 | 27,625 |

Source: American Payroll Association

## SOLVING MANPOWER PROBLEMS

Today's time-accounting systems use technology to catapult operators past problems that have traditionally drained time and energy at the expense of other, possibly more creative concerns. Here are some of the tough problems today's systems make more easy to cope with:

**Productivity**
- Time consuming totaling of time cards.
- Human errors in timecard calculations.
- Excessive payroll processing.

**Profitability**
- Rising clerical costs.
- Human calculation errors.
- Unauthorized overtime.
- Lack of uniformity in payroll calculations.

**Labor/Management**
- Limited information about true labor costs.
- Inconsistent application of payroll policies.
- Schedule changes.

***Timecard Auditing Errors Can Cost Thousands***

| Weekly Payroll | Error Factor ½% | 1% | 2% | 3% |
|---|---|---|---|---|
| $10,000 | $ 50 | $ 100 | $ 200 | $ 300 |
| $15,000 | 75 | 150 | 300 | 450 |
| $30,000 | 150 | 300 | 600 | 900 |
| $40,000 | 200 | 400 | 800 | 1,200 |
| $80,000 | 400 | 800 | 1,600 | 2,400 |
| $100,000 | 500 | 1,000 | 2,000 | 3,200 |

Source: American Payroll Association

coming in late, goofing off, taking long breaks and leaving late to get overtime. The survey figures the average worker takes from his boss four hours and eighteen minutes a week in paid-for time.

Dollars lost to simple bad back-office arithmetic can be just as hurtful, of course. At a restaurant with an $80,000-a-week payroll, even 99.5% accuracy in calculating payroll time means $400 lost.

"Our system eliminates errors," Pappas exults, "flags overtime and prevents punching in ahead or tardy—I get a tardy report daily."

Pappas's experiences with the utility of new technology in controlling labor usage in his restaurant are becoming increasingly common in the industry.

In its survey of computer system usage in food service, *Nation's Restaurant News* found that among operations using POS/ECR systems, 47% have labor timekeeping functions available and 42% have systems with capability to report labor costs by hour (as the Michael's system does).

These time accounting capabilities are among the functions most used by operators, the survey found, with 82% of operators who have them available using each one.

The only computer functions used more frequently in food service, the *NRN* report found, are daily financial and menu item use reports.

While Charles Pappas is most vocal about his success in checking time theft and clerical blunders with the new technology, today's systems offer much more in the way of labor controls.

Time accounting systems typically calculate labor costs as a percentage of sales on a daily basis. "These can vary considerably," notes Charles Pizzo, assistant to owner Joseph Marcello at a group of New Orleans restaurants that includes La Louisiane and L'Enfants. "One day—suppose you only did 100 covers—labor will be 42%; the next day business will pick up and labor will drop to 34%."

The manager at L'Enfants, which has a time accounting system will, for example, determine that operations were smoothest and most profitable at the 34% labor cost level. Then he will match that labor-use level against future sales projections and arrange staffing to meet that level.

In the past, many (including many fast-food operations) did such calculations manually—if managers could cope with the laborious numbers crunching. Now such tasks need only occupy minutes of a busy manager's time.

Many of the latest systems offer payroll management functions, too. These, by communicating between an electronic time clock or ECR/POS unit and a remote computer, can even provide automatic paycheck printing.

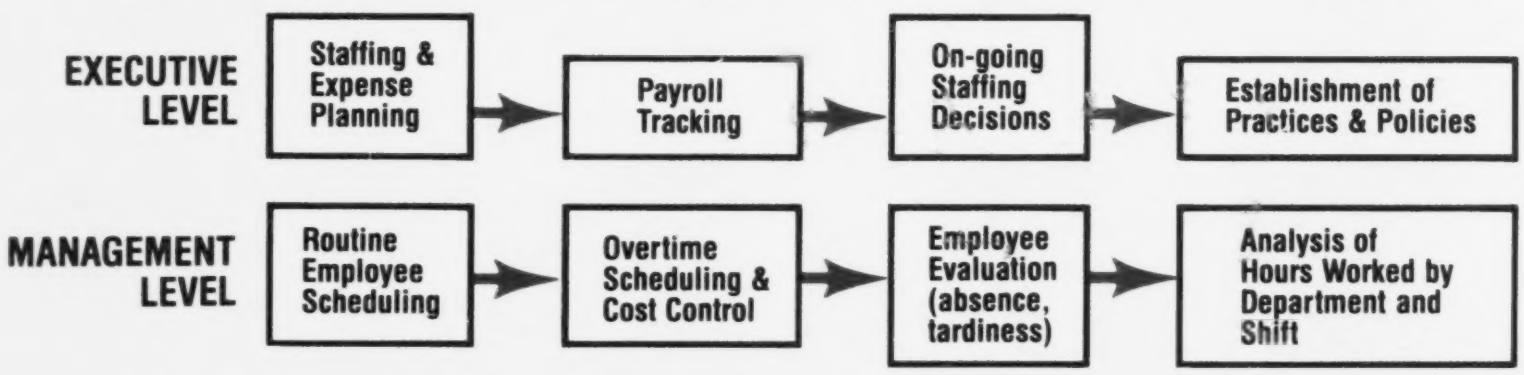
Even with less sophisticated systems, employees can be provided with accurate reports on their hours, wages and tips. Almost all the latest food-service specific systems total tips and, helping with TEFRA requirements, calculate for tipped employees 8% of their sales.

Almost lost in the glittery appeal of such benefits is one of the most basic areas of labor savings generated by today's "intelligent" time accounting systems: The dollars banked by elimination of administrative time spent hand-posting timecard information.

"There was considerable labor involved in the old system for us," Pappas notes.

Now employees can be freed for more challenging—and possibly more important—jobs.

## MANPOWER-CONTROL TECHNOLOGY BENEFITS MANAGERS



## FINANCIAL NEWS

# Sizzler 1984 net profit up 37.4% to $7.9 million

LOS ANGELES — Citing improved margins and increased customer counts, Sizzler Restaurants reported net profit up 37.4% over last year to $7.9 million on an 11% gain in revenue to $142.3 million for fiscal 1984 ended April 30.

Fourth-quarter net profit was up 58.2% to $2.46 million on an 18.4% increase in revenue.

President and ceo Thomas L. Gregory said Sizzler experienced healthy real sales gains in 1984, describing as modest the 451-unit steak/seafood/salad-bar chain's year-to-year menu-price increases of under 3%.

## T.G.I. Friday's to acquire franchisee's assets for $7 million

DALLAS — T.G.I. Friday's Inc. has signed a deal to acquire the assets of four franchised T.G.I. Friday's units from Commonwealth Capital Corp. for $7.2 million.

The units are located in Lexington, Ky., Knoxville, Tenn., and Richmond and Virginia Beach, Va. Friday's will also purchase the land and buildings for the latter two locations.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended June 29 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. rate | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Monthly Change | | 52-Week | | | | | | Last Fiscal Year | | | | | Latest P/E Ratio | | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 6.50 | 5.38 | 5.75 | -.75 | -11.54 | 8.75 | .00 | .11 | -2.18 | 2.64 | 49.81 | .40 | .44 | Q | NC | 10.0 | 4.3 | 13.1 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 5.00 | 4.88 | 5.00 | .13 | 2.56 | 7.25 | 3.88 | .87 | .63 | -5.86 | 56.60 | -2.05 | -1.98 | S | -164.7 | -75.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 15.00 | 14.25 | 14.50 | .13 | .87 | 18.75 | 12.69 | .28 | -.69 | .22 | -11.37 | 1.67 | .18 | Q | 12.0 | 39.0 | 2.1 | 8.6 | .40 | 2.8 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 15.75 | 12.75 | 14.75 | 1.75 | 13.46 | 18.88 | 12.50 | .33 | -.02 | 1.94 | -56.42 | 1.26 | .27 | S | 23.8 | 42.0 | 8.6 | 10.5 | .15 | 1.0 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 46.25 | 43.13 | 45.88 | 2.13 | 4.86 | 55.25 | 40.25 | .16 | .44 | -7.77 | 16.74 | 4.37 | 1.21 | Q | 36.7 | -3.0 | 1.7 | 10.2 | 2.10 | 4.6 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.38 | 12.75 | 13.25 | -.25 | -1.85 | 18.50 | 10.50 | .33 | .84 | 3.10 | 22.01 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 15.4 | .12 | .9 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.63 | 3.13 | 3.13 | -.13 | -3.85 | 7.88 | 2.88 | .21 | -1.51 | -2.93 | 6.50 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 17.00 | 16.00 | 16.25 | .00 | .00 | 26.81 | 16.00 | -.13 | -1.13 | -1.33 | 18.17 | .89 | .14 | N | 16.8 | 21.0 | 7.5 | 16.8 | .26 | 1.6 | 05-07-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.38 | 5.00 | 5.00 | -.13 | -2.44 | 9.25 | 4.38 | .30 | -1.97 | -2.24 | -7.49 | .17 | -.01 | Q | NC | -14.0 | .7 | NE | .10 | 2.0 | 04-17-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calny Food | CLNY | 9.50 | 8.00 | 9.00 | 1.00 | 12.50 | 10.75 | 7.25 | .49 | -1.30 | -1.80 | -38.95 | .52 | .07 | F | 15.5 | 3.0 | 4.8 | 17.3 | .16 | 1.8 | 04-25-84 | 43.6 | 2.1 | .4 | 2.48 | 1.49 | 0283 |
| Capt Crab Inc | CRAB | 3.25 | 2.50 | 2.63 | -.38 | -12.50 | 8.38 | 2.50 | -1.97 | -3.62 | -.64 | -.16 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.38 | 8.50 | 8.88 | .13 | 1.43 | 11.88 | 6.44 | .29 | -1.44 | 4.41 | -49.45 | .50 | .26 | Q | 83.8 | 99.0 | 3.7 | 15.6 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 18.25 | 16.50 | 18.00 | 1.38 | 8.27 | 29.00 | 13.25 | .90 | -.09 | -4.37 | -44.29 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 34.0 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 13.50 | 12.75 | 13.00 | -.50 | -3.70 | 18.38 | 12.75 | -.25 | -.89 | -2.34 | 34.15 | .29 | .17 | N | NC | 2.0 | 5.8 | 76.5 | .00 | .0 | 00-00-00 | 17.1 | 1.0 | 1.3 | 11.36 | 3.94 | 0683 |
| Ch Full O Nut | CHF | 11.66 | 11.00 | 11.00 | -.16 | -1.40 | 23.66 | 9.94 | -.07 | -.66 | -3.17 | 10.98 | .62 | -.19 | N | -34.5 | -6.0 | 2.9 | 30.6 | .48 | 4.4 | 06-29-84 | 111.6 | 3.2 | 2.9 | .33 | 6.50 | 0783 |
| Churchs Fr Ch | CHU | 28.25 | 25.25 | 27.50 | 2.00 | 7.84 | 33.50 | 21.25 | .26 | .48 | -.08 | -12.45 | 1.66 | -.53 | F | -24.2 | 3.0 | 6.8 | 16.6 | .80 | 2.9 | 05-07-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 19.00 | 18.00 | 18.63 | .38 | 2.05 | 21.63 | 14.75 | .33 | .16 | -2.19 | -7.47 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 11.0 | .20 | 1.1 | 03-26-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 15.75 | 15.00 | 15.50 | .50 | 3.33 | 17.69 | 11.63 | .20 | .08 | 3.99 | -49.40 | .06 | .46 | S | NC | 86.0 | 1.3 | 33.7 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 13.50 | 12.00 | 12.88 | .50 | 4.04 | 18.75 | 10.75 | .59 | -1.27 | -.22 | 4.42 | .26 | .14 | N | 70.0 | 39.0 | 2.5 | 37.9 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.25 | 19.75 | 20.25 | .25 | 1.25 | 25.75 | 15.75 | .40 | -.05 | 1.31 | -20.61 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 21.8 | .14 | .7 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 39.63 | 38.38 | 39.50 | .75 | 1.94 | 41.38 | 29.00 | .57 | .24 | -1.87 | -3.34 | 2.54 | .26 | N | 10.3 | 12.0 | 3.8 | 14.2 | .72 | 1.8 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 50.25 | 46.25 | 47.38 | -2.13 | -4.29 | 68.50 | 46.25 | -1.42 | .44 | -3.73 | -31.34 | 2.70 | -1.00 | S | -31.1 | -6.0 | 7.1 | 21.4 | 1.20 | 2.5 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 14.13 | 12.50 | 13.88 | -.13 | -.89 | 23.38 | 12.50 | -.46 | .24 | 6.01 | -19.13 | .99 | .03 | Q | 3.1 | 70.0 | 6.8 | 14.0 | .09 | .6 | 03-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 20.50 | 19.88 | 20.38 | .50 | 2.52 | 26.50 | 18.13 | -.01 | .26 | -1.71 | -6.98 | 1.62 | .23 | S | 15.1 | 24.0 | 10.2 | 11.6 | .28 | 1.4 | 05-07-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 10.25 | 9.75 | 10.13 | .25 | 2.53 | 13.13 | 9.00 | -.13 | .06 | -.93 | -7.51 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.19 | 1.06 | 1.06 | -.13 | -10.53 | 4.63 | 1.06 | -.81 | -1.68 | 2.19 | -7.81 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 17.7 | .00 | .0 | 00-00-00 | 6.1 | .3 | 2.0 | .02 | .36 | 1282 |
| Frisch's | FRS | 27.38 | 26.63 | 27.25 | .38 | 1.40 | 32.94 | 18.68 | .23 | .27 | -4.56 | 73.68 | 1.85 | .75 | N | 51.3 | 22.0 | 3.7 | 12.3 | .40 | 1.5 | 06-27-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Garcias Scot | GMEX | 6.00 | 5.25 | 5.50 | -.25 | -4.35 | 14.13 | 4.00 | .83 | .00 | -1.60 | -34.09 | -.48 | -.28 | F | NE | 7.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 53.00 | 51.50 | 52.75 | 1.00 | 1.93 | 57.00 | 41.63 | .21 | -.02 | -2.25 | -7.74 | 4.89 | .77 | N | 17.3 | 17.0 | 4.4 | 10.1 | 2.24 | 4.2 | 07-03-84 | 5550.8 | 245.1 | 1.2 | 9.71 | 25.68 | 0583 |
| Hambrg Hamlet | HAMB | 11.00 | 10.50 | 11.00 | .25 | 2.33 | 12.00 | 9.50 | .53 | .11 | 1.09 | .00 | 1.54 | 2.64 | F | NE | -14.0 | 3.1 | 7.1 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 52.00 | 48.88 | 50.00 | .50 | 1.01 | 59.50 | 47.50 | .11 | -.25 | 3.07 | -24.11 | 4.20 | 1.08 | F | 34.6 | 6.0 | 16.8 | 11.9 | 1.80 | 3.6 | 05-25-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 45.50 | 41.38 | 43.00 | 1.25 | 2.99 | 57.63 | 38.25 | .37 | -.69 | -1.35 | -17.39 | 3.28 | .78 | Q | 30.0 | 13.0 | 7.8 | 12.7 | .90 | 2.1 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 17.25 | 15.13 | 16.38 | .38 | 2.34 | 29.63 | 14.38 | .13 | .08 | .17 | 41.49 | 1.15 | .37 | Q | 46.8 | 71.0 | 4.0 | 14.1 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 6.00 | 5.50 | 5.50 | -.50 | -8.33 | 10.75 | 5.50 | -.55 | .44 | -5.29 | -37.89 | .00 | -.81 | S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 39.00 | 39.00 | .00 | .00 | 40.00 | 29.50 | .06 | .09 | -8.32 | 33.33 | 2.94 | .81 | Q | 35.3 | 57.0 | 6.2 | 12.6 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 15.88 | 14.75 | 15.50 | .63 | 4.20 | 23.00 | 12.50 | -.19 | -.39 | .13 | -60.93 | .92 | .70 | N | 100.0 | 60.0 | 4.8 | 11.1 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 13.25 | 12.38 | 12.38 | -.63 | -4.81 | 18.13 | 10.38 | .42 | -.39 | -4.27 | -5.80 | 1.00 | .05 | S | 5.0 | 20.0 | 4.1 | 11.9 | .20 | 1.6 | 02-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 15.75 | 14.13 | 14.25 | -1.00 | -6.56 | 21.00 | 11.88 | .15 | -1.78 | -5.16 | -1.20 | 1.33 | -.08 | N | -6.0 | 16.0 | 4.6 | 11.4 | .12 | .8 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.38 | 3.00 | 3.38 | .38 | 12.50 | 9.88 | 2.88 | -.01 | 1.11 | 1.88 | 12.90 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 4.88 | 4.25 | 4.75 | .13 | 2.70 | 18.75 | 4.25 | -.49 | 1.98 | -.69 | -7.38 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 47.5 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 25.00 | 23.50 | 24.50 | .75 | 3.16 | 43.75 | 18.75 | .53 | .10 | -3.49 | -22.10 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 16.0 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.75 | 32.88 | 34.38 | .63 | 1.85 | 39.75 | 30.88 | .26 | .65 | -3.00 | 2.59 | 1.53 | .31 | N | 20.9 | 27.0 | 9.8 | 19.2 | .60 | 1.7 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.63 | 12.13 | 12.50 | .13 | 1.01 | 14.88 | 11.38 | .13 | .20 | -1.02 | -4.08 | 1.28 | .13 | N | 10.6 | 6.0 | 6.1 | 9.3 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 69.25 | 65.25 | 68.13 | 2.75 | 4.21 | 79.25 | 58.50 | .47 | -.26 | .30 | 3.46 | 4.15 | .69 | Q | 19.2 | 31.0 | 3.8 | 15.9 | .44 | .6 | 06-18-84 | 3036.7 | 115.2 | .9 | 33.49 | 19.43 | 1282 |
| McDonald's Cp | MCD | 71.00 | 66.88 | 68.63 | 1.50 | 2.23 | 74.38 | 55.75 | .40 | -.24 | -.06 | -34.86 | 5.74 | .74 | F | 14.8 | 24.0 | 11.2 | 12.0 | 1.16 | 1.7 | 05-23-84 | 3062.9 | 342.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 18.13 | 15.75 | 17.38 | 1.50 | 9.45 | 20.81 | 13.13 | .99 | -.93 | 6.43 | 7.05 | 1.34 | .19 | S | 15.4 | 13.0 | 4.5 | 12.2 | .40 | 2.3 | 04-09-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.38 | 2.13 | 2.25 | -.13 | -5.26 | 3.47 | 2.13 | -.21 | -1.61 | -2.00 | 57.90 | .15 | .34 | S | NE | -25.0 | 1.1 | 17.3 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 2.00 | 2.13 | .25 | 13.33 | 3.63 | 1.66 | .32 | -.14 | -2.27 | -8.82 | .20 | .12 | F | 150.0 | 25.0 | 2.0 | 10.6 | .00 | .0 | 09-09-83 | 20.0 | .4 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.88 | 7.75 | 9.13 | 1.13 | 14.06 | 32.75 | 7.50 | .49 | -1.16 | 1.42 | -12.98 | .70 | -1.71 | N | -228.0 | -26.0 | 3.6 | NE | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Ogden Corp | OG | 28.25 | 26.00 | 28.00 | 1.50 | 5.66 | 34.38 | 24.50 | .09 | 1.01 | 1.59 | 11.80 | 2.64 | .60 | Q | 30.1 | -8.0 | 3.0 | 10.8 | 1.80 | 6.4 | 06-08-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 6.88 | 6.00 | 6.88 | .50 | 7.84 | 8.88 | 5.88 | -.10 | 3.61 | 2.69 | 55.52 | .43 | .15 | S | 44.1 | 65.0 | 4.8 | 14.0 | .10 | 1.5 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 2.00 | 1.25 | 2.00 | .13 | 6.67 | 15.13 | 1.25 | -1.84 | 9.20 | -.30 | -2.35 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 43.50 | 41.75 | 41.75 | -.63 | -1.47 | 43.50 | 32.63 | .26 | -.33 | .15 | 7.51 | 3.01 | .17 | Q | 5.7 | 3.0 | 4.0 | 13.4 | 1.68 | 4.0 | 06-04-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 | 1283 |
| Piccadilly Caf | PICC | 21.88 | 19.25 | 21.75 | 2.13 | 10.83 | 21.88 | 12.75 | .45 | -.10 | 2.03 | -41.41 | .99 | .05 | N | 4.6 | 5.0 | 3.9 | 19.2 | .60 | 2.8 | 06-04-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 40.00 | 36.50 | 37.25 | -.50 | -1.32 | 41.50 | 27.75 | .11 | -1.61 | 4.07 | -.30 | 3.29 | .96 | N | 32.6 | 13.0 | 3.9 | 9.6 | 1.40 | 3.8 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 11.50 | 8.50 | 11.38 | 2.38 | 26.39 | 17.50 | 8.38 | .39 | 3.91 | 5.18 | 41.75 | 1.14 | .38 | Q | 53.5 | 30.0 | 2.5 | 10.4 | .08 | .7 | 04-16-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 15.25 | 14.50 | 14.50 | .13 | .87 | 16.75 | 12.63 | .66 | -1.43 | 1.20 | 25.05 | .37 | .41 | Q | NC | 4.0 | 1.9 | 35.4 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 20.50 | 19.00 | 19.50 | .13 | .65 | 24.88 | 16.00 | .02 | -.50 | 2.53 | -43.74 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 16.5 | .40 | 2.1 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 7.63 | 6.75 | 7.50 | .38 | 5.26 | 11.88 | 6.50 | .28 | .08 | -.51 | 1.47 | .13 | .86 | F | NE | -24.0 | .7 | 57.7 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 16.38 | 14.50 | 16.00 | 1.00 | 6.67 | 23.25 | .00 | .80 | -.25 | 2.40 | -18.71 | .57 | .63 | Q | NC | 57.0 | 3.8 | 25.4 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Rest Assoc | RA | 8.50 | 7.25 | 8.50 | 1.25 | 17.24 | 9.88 | 6.50 | .49 | 2.28 | 15.15 | 93.14 | .88 | .10 | F | 12.8 | 31.0 | 1.9 | 9.7 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Rest Systems | RSYS | 10.25 | 9.75 | 10.25 | 1.00 | 10.81 | 13.50 | 9.00 | .50 | .79 | 2.58 | 7.52 | .72 | .75 | Q | NC | 19.0 | 4.7 | 13.7 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 7.00 | 6.25 | 6.50 | .25 | 4.00 | 20.00 | 5.75 | .21 | .46 | 2.28 | 23.18 | -.17 | .17 | Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 19.75 | 17.75 | 19.50 | 1.75 | 9.86 | 28.25 | 15.50 | .33 | .22 | .75 | -3.40 | .52 | .23 | Q | 65.7 | 60.0 | 10.8 | 33.6 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 30.63 | 27.75 | 29.50 | 1.75 | 6.31 | 40.25 | 24.63 | .11 | -.11 | 1.69 | -41.84 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 13.0 | .44 | 1.5 | 05-14-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 7.50 | 7.25 | 7.50 | .25 | 3.45 | 14.25 | 7.25 | -.56 | .08 | .15 | 34.48 | .70 | -.17 | N | -22.6 | 15.0 | 4.5 | 12.9 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 10.63 | 9.88 | 10.00 | .13 | 1.27 | 15.00 | 7.50 | .31 | -.67 | -2.29 | -26.11 | .23 | .42 | Q | 221.0 | 10.0 | 1.2 | 16.4 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 18.25 | 17.00 | 18.00 | .00 | .00 | 18.25 | 13.50 | .73 | -.02 | .53 | 18.32 | 1.19 | .51 | F | 75.0 | 17.0 | 2.5 | 15.1 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoney's Inc | SHON | 26.50 | 25.38 | 26.13 | .50 | 1.95 | 26.50 | 20.00 | .69 | -.29 | .16 | -56.85 | 1.17 | .26 | Q | 26.8 | 35.0 | 6.0 | 21.2 | .16 | .6 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 8.83 | 1083 |
| Shoneys South | SHNS | 16.75 | 15.00 | 16.50 | 1.25 | 8.20 | 20.50 | 13.75 | .54 | -.24 | 4.01 | 9.97 | 1.24 | .45 | Q | 52.3 | 33.0 | 3.5 | 12.6 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 6.76 | 1283 |
| SIS Cp | SISB | 6.75 | 6.25 | 6.75 | .50 | 8.00 | 11.50 | 6.25 | -.05 | 1.39 | -1.45 | -36.89 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 48.2 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 13.75 | 12.50 | 13.00 | .25 | 1.96 | 15.00 | 8.75 | .30 | .10 | -1.48 | 12.73 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 12.5 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 10.25 | 9.50 | 10.25 | -.25 | -2.38 | 15.50 | 9.00 | -.05 | 1.32 | .90 | -8.38 | .81 | .14 | Q | 20.8 | 26.0 | 4.0 | 12.7 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.00 | 18.00 | -.50 | -2.70 | 22.00 | 16.50 | -.03 | -.49 | -1.04 | 50.00 | 1.02 | -.94 | Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.7 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 | 1283 |
| So Hospitality | SHOS | 4.00 | 3.88 | 4.00 | .13 | 3.23 | 6.75 | 3.75 | -.24 | .78 | 2.95 | 24.61 | .27 | .05 | N | 19.2 | 75.0 | 3.8 | 12.9 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 5.88 | 5.63 | 5.88 | .38 | 6.82 | 10.00 | 4.88 | .28 | .53 | .06 | 41.72 | .29 | .06 | S | 25.0 | 71.0 | 2.1 | 19.6 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGI Friday's | TGI | 12.75 | 11.13 | 12.50 | 1.00 | 8.70 | 17.88 | 10.00 | .31 | .49 | -.98 | -13.72 | .65 | .68 | Q | NC | 28.0 | 4.5 | 18.4 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 | 1283 |
| TGIF Texas | TEXF | 3.50 | 3.25 | 3.25 | -.25 | -7.14 | 7.50 | 3.25 | -.47 | -1.48 | -.58 | -52.04 | .06 | .06 | F | NC | 76.0 | .0 | 54.2 | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 | 1283 |
| Victoria Stations | VSTA | 7.38 | 6.50 | 7.38 | 1.00 | 15.69 | 11.75 | 5.13 | .94 | 1.20 | 1.81 | 39.05 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 18.25 | 15.75 | 17.13 | 1.13 | 7.03 | 18.25 | 10.78 | .67 | -.63 | 1.40 | -14.81 | 1.01 | .19 | Q | 21.8 | 21.0 | 7.7 | 16.2 | .24 | 1.4 | 05-01-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Wstn Steer | WSMP | 12.00 | 10.75 | 11.75 | 1.25 | 11.90 | 14.00 | 9.00 | 1.10 | -.59 | .34 | -14.06 | 1.02 | .10 | F | 10.8 | 4.0 | 3.3 | 11.5 | .16 | 1.4 | 03-12-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 | 0284 |
| Winners Cp | WNER | 10.38 | 9.00 | 10.13 | 1.13 | 12.50 | 17.13 | 7.75 | .95 | -.42 | -2.29 | -10.59 | .63 | -.06 | Q | -9.2 | 12.0 | 3.3 | 17.2 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

LA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

FINANCIAL NEWS

# Shoney's sees $19M saving on Marriott Big Boy termination

NASHVILLE—Shoney's Inc. said it expects to save $19 million over the next 10 years from terminating its Marriott Big Boy franchise agreement.

The added cash flow and the new freedom to expand beyond its designated territory could mean Shoney's will accelerate expansion plans.

Shoney's agreed with Marriott in April to pay $13 million to Marriott to drop the Big Boy name from its stores in favor of simply "Shoney's."

Shoney's said it expects to recover $5 million of the $13 million breakaway cost from its subfranchisees who have agreed to pay royalties to Shoney's that would otherwise have gone to Marriott.

Shoney's will amortize the remaining $8 million over 10 years.

Based on projected revenue for the next 10 years, Shoney's said it figured that it would save $19 million in franchise fees after taking into account the $13 million in payments to Marriott.

Ray Danner, chairman and chief executive, said the company is "gearing up to have an accelerated expansion over the next few years." To be financed "90% through cash flow," Danner noted that Shoney's has $40 million to $50 million in excess cash and securities.

Meanwhile, Shoney's marked its 100th consecutive quarter of advancing sales and earnings.

The company posted $7.2 million in net profit for the second quarter ended May 13, a 31% advance over last year's second quarter. Second-quarter revenue was $112.8 million, a 23% gain.

For the six-month period, Shoney's reported $13.7 million in net profit, up 29% from last year.

Shoney's operates 455 and franchises 630 restaurants for combined sales of $1 billion per year. Ten Shoney's, 17 Captain D's fast-food fish outlets and five Lee's Famous Recipe fast-food chicken outlets were opened in the first half of the year.

## New Fuddruckers offer: 500,000 more shares

SAN ANTONIO—Fuddruckers Inc., the 20-unit 8-oz.-burger chain, which made its first public offering last fall, has filed a plan to sell 500,000 additional shares of common stock.

At a recent price around $12, the offering could raise $6 million to help develop another 15-20 company units and 13-23 franchised units by year-end.

The company went public in November 1983 with a one million share offering priced at $7 each. This new offering would raise the number of outstanding shares to 6.4 million.

## Bob Evans net $9M for 1984

COLUMBUS, Ohio—Beset by flat sales for most of the year, Bob Evans Farms' family restaurant division posted net profit of $9.2 million for FY '84 ended April 27, a 7% gain over fiscal 1983.

Restaurant sales rose 16% to $120.1 million for the year. Comparable-unit sales were flat until the fourth quarter when they inched upward 2% year-to-year.

Bob Evans finished fiscal 1984 with 107 restaurants, up from 93 the year before. Seventeen new restaurants are planned for this year.

The company, which also manufactures and markets sausages, reported consolidated net profit of $16.1 million, a 15% gain over fiscal 1983, on consolidated sales of $201.7 million, an 8% advance.

For the fourth quarter, Bob Evans restaurant division showed a 9% net profit increase to $2.4 million on restaurant sales of $29.9 million, up 17% from 1983's last quarter.

Companywide figures for the fourth quarter show net profit of $3.9 million, up 8%, on a 12% sales gain to $51.4 million.

## Vic station suffers $6M loss for year

LARKSPUR, Calif. — Troubled Victoria Station has trimmed its net loss for fiscal 1984 ended April 1 to $5.8 million from a net loss of $8 million the year before. Revenue for the 52-week year was $101.5 million, compared to $112.3 million in the 53-week prior year.

The 95-unit dinnerhouse chain (95 units on April 1) also reported a fourth-quarter net loss of $2.1 million on $23.7 million in revenue, compared to a net loss of $4.9 million on $26.3 million in revenue in the year-before closing quarter.

The company plans to convert up to 14 of its boxcar-themed restaurants to the new Bonkers ½-lb. burger concept in the current year, fueled by $5 million in new equity financing currently being negotiated.

Victoria Station also intends to franchise the Bonkers concept, the first unit of which is reportedly pulling down weekly sales of about $40,000 in Woodland Hills, Calif.

READ CLASSIFIEDS

## Mr. Steak loses $16G in 2nd quarter

DENVER—Following a first quarter in which restaurant sales were relatively flat, Mr. Steak posted a net loss of $16,000 for the second quarter ended April 1, compared to a net profit of $101,000 in last year's second quarter.

Revenue for the second quarter, however, increased 19.3% over year-earlier figures to $17.5 million as sales of food products to grocery chains and food-service distributors remained strong. (Mr. Steak, through its subsidiaries, provides processing sales and distribution of beef and associated meat and food products to the restaurant, food distribution and retail food industries.)

For the 26 weeks, net profit was $28,000, down 80.6% from last year's first half results, while revenue climbed 15.3% to $32.7 million.

In assessing the poor sales results at Mr. Steak restaurants, company president Richard Jackson attributed the shortfall to "exceptionally bad weather in many states where there are large concentrations of Mr. Steak restaurants." He predicted, however, that a "renewed upward trend evidenced in March would continue."

Mr. Steak operates and franchises 236 restaurants throughout the US and Canada.

## Acapulco rebounds with 2nd qtr.

PASADENA, Calif. — Acapulco Restaurants has staged a dramatic financial turnaround, reporting a $417,000 net profit for the second quarter ended April 29, vs. a net loss of $197,000 in the same period last year. Quarterly revenue was $9.3 million, compared to $9.55 million a year ago.

First-half net profit of $243,000 compares to a net loss of $467,000 in the same period of 1983. Six-month revenue was $17.7 million vs. $17.9 million last year.

Declines in revenue are traced to divestiture of restaurants in Midwestern states—a key element of the company's recovery

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| A&M Food Services | 3 mos. | 3/20 | $ 6.400 | | | | | |
| Amer. Fam. Piz. | 3 mos. | 3/31 | 2.200 | 50.0 | | | (.0367) | |
| Arthur Treacher | 3 mos. | 4/30 | | | 1.540 | | 0.136 | |
| Bob Evans Farms | 12 mos. | 4/27 | 120.100 | 16.0 | | | 9.200 | 7.0 |
| Collins Foods | 12 mos. | 4/30 | | | 395.700 | 22.0 | 15.400 | 25.0 |
| Cucos | 3 mos.<br>9 mos. | 3/31 | | | 0.847<br>2.354 | 45.0<br>28.0 | 0.505<br>0.130 | 26.0<br>39.0 |
| Diversifoods | 3 mos. | 3/31 | | | 125.700 | 15.4 | 5.500 | 10.6 |
| El Torito | 3 mos. | 3/31 | 0.585 | 25.0 | | | 1.566 | 114.0 |
| Esteban's | 3 mos. | 3/31 | | | 2.942 | | (0.271) | |
| Family Entertainment | 3 mos. | 4/1 | 3.670 | – 31.0 | | | (.111) | |
| Flakey Jake's | 3 mos. | 3/25 | 1.547 | | 0.134 | | | |
| G. D. Ritzy's | 3 mos. | 4/1 | | | 3.100 | 147.0 | (0.647) | |
| Garcia's | 3 mos. | 4/22 | | | 17.104 | 29.3% | (0.203) | |
| Hamburger Hamlet | 12 mos. | 3/25 | 95.000 | 9.0 | 35.500 | 4.5 | 1.100 | 47.0 |
| Holiday Inns | 3 mos. | 3/30 | | | 402.500 | 15.0 | 26.000 | 16.0 |
| Kelly-Johnston | 12 mos.<br>3 mos. | 3/31<br>3/31 | | | 95.000<br>35.100 | 133.0<br>205.0 | 0.418<br>0.620 | – 83.0<br>– 33.0 |
| Luby's | 9 mos.<br>3 mos. | 5/31<br>5/31 | | | 126.212<br>47.285 | 20.5<br>12.6 | 12.410<br>5.145 | 24.0<br>36.0 |
| Maverick Rest. | 3 mos. | 4/30 | | | 2.393 | 68.0 | 0.235 | 93.0 |
| Mr. Steak | 3 mos. | 4/2 | | | 17.500 | 19.3 | (0.016) | |
| Nankin Express | 3 mos. | 4/30 | 0.165 | | | | (0.123) | |
| Naugles | 10 mos.<br>3 mos. | 5/5<br>5/5 | | | 86.900<br>25.700 | 28.0 | (5.200)<br>(7.100) | |
| Pancho's Mex. | 3 mos.<br>6 mos. | 3/31 | | | 7.551<br>14.472 | 25.0 | 0.349<br>0.556 | 57.0<br>41.0 |
| PepsiCo | 3 mos. | 3/24 | | | 1,770.000 | 14.0 | 47.200 | 17.0 |
| Pizza Inn | 3 mos. | 3/25 | | | 38.000 | 9.5 | 0.805 | – 15.0 |
| RSI | 3 mos. | 4/21 | | | 10.491 | 12.6 | 0.481 | 1.5 |
| Rax Restaurants | 3 mos.<br>9 mos. | 4/28<br>4/28 | | | 21.800<br>65.900 | 32.0<br>31.0 | 0.546<br>2.600 | 74.0<br>90.0 |
| Restaurant Asc. | 3 mos. | 3/31 | | | 30.000 | 9.0 | 0.013 | – 84.0 |
| Rusty Pelican | 9 mos.<br>3 mos. | 4/15 | 24.600<br>9.350 | 17.0<br>27.0 | | | 1.100<br>0.558 | 44.0<br>54.0 |
| Saga Corp. | 3 mos.<br>9 mos. | 3/24 | | | 284.000<br>825.000 | 10.0 | 8.200<br>24.600 | 33.0<br>18.0 |
| Sandwich Chef | 3 mos.<br>9 mos. | 3/31 | 6.600<br>18.900 | 24.0<br>30.3 | | | 0.216<br>0.486 | |
| Shoney's South | 3 mos. | 4/15 | | | 46.900 | 16.8 | 1.900 | 69.8 |
| Sis Corp. | 3 mos. | 3/24 | 1.400 | 118.0 | | | (0.960) | |
| T.G.I. Friday's | 3 mos. | 4/2 | | | 65.300 | 23.0 | 3.100 | 35.0 |
| USACafes | 3 mos. | 3/31 | 95.000 | 9.0 | 3.750 | 34.0 | 0.474 | 47.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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## TABLE II: STORE SALES CHANGES OF MAJOR CHAINS

**Three Months Moving Average: 3/84-5/84**

| | Average Monthly Per Cent Change Over Previous Year | | | |
|---|---|---|---|---|
| | Nominal Sales | Price | Real Sales | Prior 3 Mos. Real Sales |
| Arby's | 7% | 2% | 5% | NA |
| Big Boy | 13 | 3 | 9 | 7% |
| Burger King | 12 | 1 | 11 | 14 |
| Church's | 13 | 4 | 9 | 4 |
| Denny's | 4 | 4 | 0 | 3 |
| Dunkin' Donuts | 7 | 2 | 5 | 0 |
| Friendly Ice Cream | 2 | 3 | 0 | 4 |
| Hardee's | 9 | 2 | 7 | 7 |
| Howard Johnson | 5 | 2 | 2 | 1 |
| Jack in the Box | 9 | 3 | 6 | 9 |
| Kentucky Fried Chicken | 12 | 4 | 8 | 5 |
| Long John Silver's | 7 | 3 | 4 | 4 |
| McDonald's | 12 | 0 | 11 | 9 |
| Pizza Hut | 14 | 3 | 11 | 9 |
| Ponderosa | 16 | 5 | 11 | 10 |
| Taco Bell | 19 | 3 | 15 | 13 |
| Wendy's | 18 | 2 | 16 | 13 |
| Winchell's | 11 | 2 | 9 | 10 |
| Average | 10.5% | 2.6% | 7.8% | 7.1% |
| Eating and Drinking Places: March thru May | 7.7% | 4.1% | 3.4% | 5.4% |
| Food Stores: March thru May | 6.3% | 3.4% | 2.8% | 3.0% |

Source: Restaurant Trends

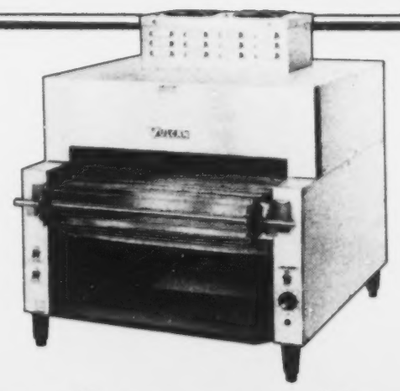
## TABLE III: STORE PRICING ACTIVITY

**(Major Chains-Continental U.S.A.)**

| Menu Price Changes | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Average Annual Amount | 9.4% | 8.0% | 7.0% | 3.4% | 2.7% |
| Average Per Change | 2.2 | 1.8 | 2.1 | 1.5 | 1.3 |
| Frequency of Changes/Yr. | 4.3X | 4.6X | 3.3X | 2.3X | 2.1X |
| Per cent of Stores With: Last Change Lowered Some Menu Prices | 1% | 0 | 1 | 12 | 18 |
| Annual Menu Price Change Higher | 100 | 99 | 95 | 71 | 61 |
| Annual Menu Price Change Zero or Negative | 0 | 1 | 5 | 29 | 39 |

Source: Restaurant Trends


NEW



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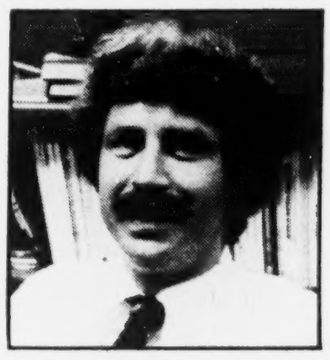
# War's hell, except to accountants

**By Charles Forman**
*Executive Editor*



War's hell when it's fought with rockets, bombs and automatic rifles. When it's hamburgers and pizza the combatants are slinging, however, so-called war's beginning to look like heaven on earth, at least to the accountants.

Latest multiunit chain real sales trends released to *Nation's Restaurant News* by Restaurant Trends, Middletown, N.J., are a testament, without doubt, to the fiercely competitive, marketing-oriented leadership at Burger King, Wendy's, McDonald's, Pizza Hut, Taco Bell, Ponderosa and some of the other majors.

On a three-month moving average (March through May, Table II) each of those named scored a better than 10% real sales advance (nominal gains minus menu hikes).

That compares to a 7.8% average real gain for all 18 chains tracked.

The numbers argue well for the power of aggressive advertising and carefully plotted new product introductions as sales boosters, at least in a sunny economic climate.

The theory espoused by some top marketers that the way to run a fast-food chain is with a circus-like round of revolving new product entries and subsequent withdrawals is, however, as yet unproved. Also still to be seen is whether an operation like Wendy's, with its snake line and cooked-to-order burgers, isn't exposing itself to system overload when it breaks out as suddenly with a bunch of new products as a kid with a poison ivy rash.

Casting doubts aside for the moment, Restaurant Trends says it believes the top chaingroup can continue to show strong gains over the rest of the summer. Year-to-year comparisons, of course, will grow more difficult.

The hamburger crowd's good fortune has been shared only moderately by the coffee shop group (Table I). For 1984's first quarter, those tracked—Big Boy, Denny's, Friendly and Howard Johnson—gained 3.9% in average real sales. The hamburger chains gained 10.3% for the same period.

March through May, Big Boy alone posted a significant real sales gain, 9%. Denny's and Friendly made no improvement over last year; Howard Johnson picked up 2%.

Overall, the major chains do appear to be expanding the marketplace as well as taking marketshare from the restaurant universe in general and from food stores as tracked by the Commerce Department.

Restaurant Trends credits heavy advertising by many chains, increased consumer recognition of the players in the hamburger segment, new products and the breakfast boom as contributors. At the same time, these factors appear to be the thorn in the side of the coffee shops.

Table III contains information concerning domestic menu pricing activity for the major chains Restaurant Trends follows from 1979 through 1983. The average annual amount of price change has steadily declined since a 1979 high of 9.4%. This figure has come down to the 2.5%-3% range that was first reached in May 1983 and remained ever since.

Average individual price changes have also been trending down but at a slower rate. That rate now stands at 1.3% per change vs. 2.2% in 1979. Frequency of price changes has slumped, too, from 4.3 times a year in 1979 to 2.1 times in 1983.

Corresponding to the fall-off in menu price inflation has been growth in the number of stores that have been lowering prices of some items. Last year nearly 40% of those trcked reported no increase or a drop in year-to-year prices.

Restaurant Trends says it is difficult to generalize about the sales impact various pricing strategies have on long-term store sales trends, particularly when overall disinflation in the general economy is a given.

Little doubt exists, though, that higher absolute prices for individual menu items do retard sales—especially with more established products, a Whopper or Big Mac, for example.

So while higher annual menu price changes do translate into better relative near-term store sales performance, this advantage appears temporary.

*For further information on Restaurant Trends research, write or phone Carl De Biase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748, 201-671-4444.*

## TABLE I: REAL SALES CHANGES

| | Average Stores | | | | Eating & Drinking Places | Food Stores |
|---|---|---|---|---|---|---|
| | Coffee Shops | Fast Food | | Total | | |
| | | Hamburger | Other | | | |
| 1981 | | | | | | |
| 1st Qtr. | (1.8)% | 0.6% | 0.8% | 0.3% | (0.8)% | (1.2)% |
| 2nd Qtr. | 3.7 | 1.6 | 1.9 | 2.2 | 2.1 | 2.4 |
| 3rd Qtr. | 0.9 | (0.7) | 1.0 | 0.7 | 1.6 | 3.0 |
| 4th Qtr. | (2.4) | (0.1) | 0.6 | (0.3) | 0.3 | 4.4 |
| 1982 | | | | | | |
| 1st Qtr. | (3.5) | (0.1) | (0.3) | (0.9) | (0.7) | 2.3 |
| 2nd Qtr. | (0.9) | 4.9 | 2.0 | 2.2 | 1.7 | 0.8 |
| 3rd Qtr. | 2.1 | 6.0 | 1.8 | 3.1 | 4.4 | 1.3 |
| 4th Qtr. | 2.8 | 5.6 | 2.6 | 3.3 | 6.9 | 1.7 |
| 1983 | | | | | | |
| 1st Qtr. | 3.2 | 6.9 | 3.1 | 4.2 | 6.8 | 1.5 |
| 2nd Qtr. | 4.0 | 6.7 | 4.2 | 4.8 | 6.0 | 2.6 |
| 3rd Qtr. | 4.7 | 7.7 | 4.4 | 5.6 | 6.4 | 5.2 |
| 4th Qtr. | 3.3 | 11.5 | 4.7 | 6.3 | 4.4 | 2.8 |
| 1984 | | | | | | |
| 1st Qtr. | 3.9 | 10.3 | 8.1 | 7.8 | 6.1 | 3.6 |

Coffee Shops — Big Boy, Denny's, Friendly, Howard Johnson
Hamburger — Arby's (since 3/84), Burger King, Hardee's, Jack in the Box, McDonald's, Wendy's
Other — Church's, Dunkin' Donuts, Kentucky Fried Chicken, Long John Silver's, Pizza Hut, Ponderosa, Taco Bell, Winchell's

Source: U.S. Department of Commerce, Bureau of Labor Statistics, Corporate Reports and Restaurant Trends estimates

# Dailey to design Godfather's nat'l adv.

COSTA MESA, Calif. — After whittling an original list of 25 advertising agencies to 12 finalists, the 900-plus unit Godfather's Pizza chain has chosen Dailey and Associates of Los Angeles to handle its national creative strategies and campaigns. Cole and Weber, in Seattle, will continue to oversee Godfather's media placement services.

Dailey and Associates replaces Rick Ellis and Associates, Santa Fe, N.M., which had handled the creative account for six months. Ellis and Guy handled the account from the mid-1970's until 1982.

"We hope to get a stronger, more effective advertising campaign, similar to the one we had in the mid-1970s," said Ted Murphy, Godfather's marketing vice president since January. The agency shift also signals an attempt by Godfather's to close the gap between itself and segment leader Pizza Hut.

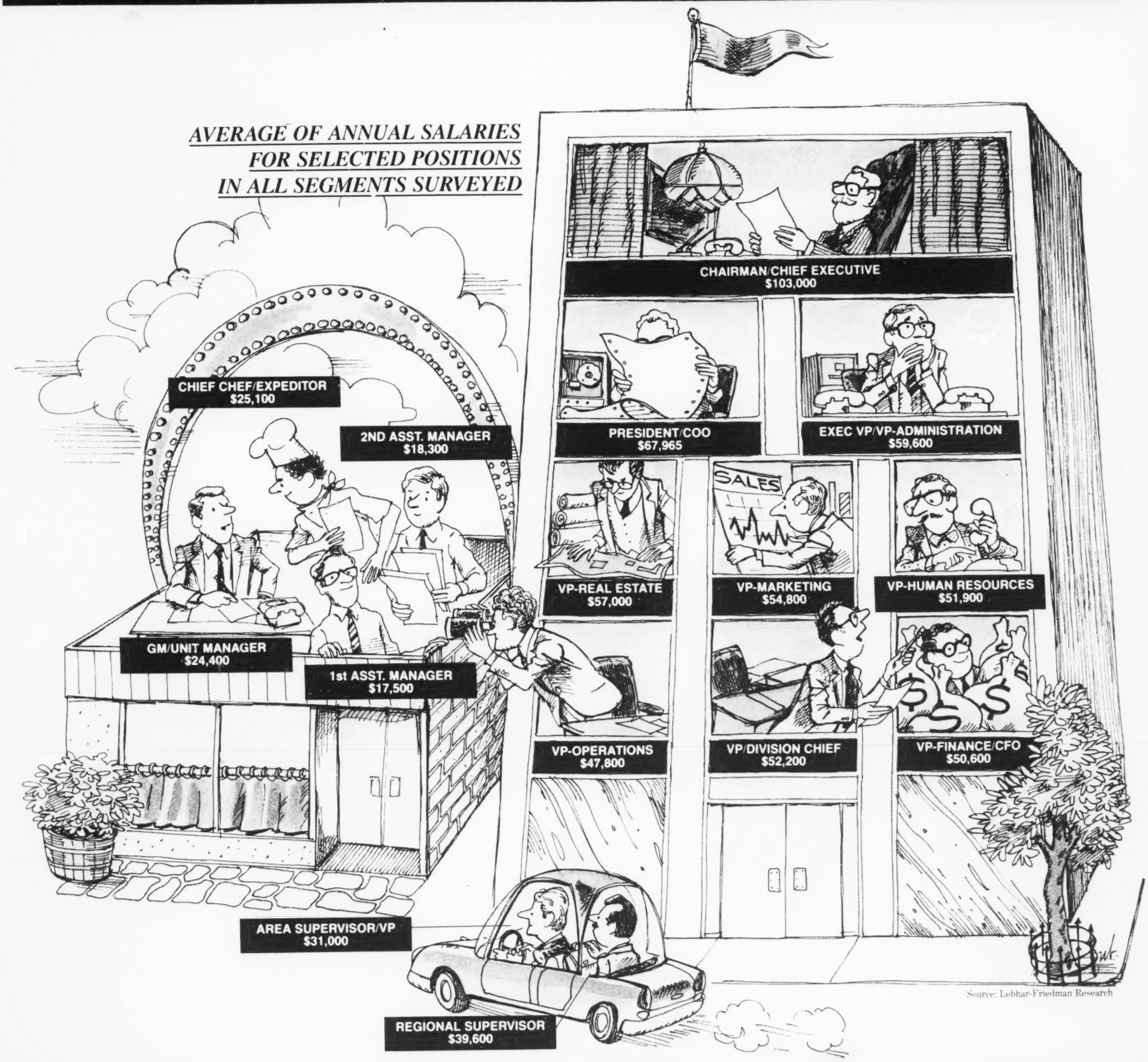
Godfather's plans a fully integrated advertising program including television and radio spots and newspaper print support. Although some special-project creative work from Dailey could be presented by August, the initial full-scale campaign will not appear until September, said Murphy.

Godfather's company stores currently bill $5 million annually in advertising services while the franchise stores bill an additional $10 million. Pizza Hut, which recently terminated its eight-year advertising relationship and $20 million national account with Chicago agency Foote, Cone & Belding, outspends Godfather's 6 to 1 on advertising.

FOCUS NRN

## WAGE & BENEFITS STUDY

*AVERAGE OF ANNUAL SALARIES FOR SELECTED POSITIONS IN ALL SEGMENTS SURVEYED*




Source: Lebhar-Friedman Research

# WHERE'S THE BUCKS?

## *In the clouds: Compensating the industry's top 25 execs*

**By Rick Telberg**

NEW YORK — Just how tough is it to run the biggest food-service companies?

Is it worth $1 million a year?

With stock options and dividend income playing a major role, at least 10 food-service chain executives can count themselves members of the exclusive million-dollar club.

A *Nation's Restaurant News* survey of executive compensation reveals both the high-flying auction market for top talent and the lush rewards successful entrepreneurs are reaping for their early years of risk and labor.

With the accompanying survey of wages and benefits at lower echelons of the industry, the executive compensation survey also demonstrates how sweet success at the top can be.

Last year Charles Lynch, chairman and chief executive of Saga Corp., earned $4.3 million including $3.5 million in stock options and rights.

Only Ray Kroc, the founder of McDonald's Corp. who died in January at age 81, made more. Kroc's 11% stake in the company earned him $6.5 million in dividends.

Charles Boppell, president of Godfather's Pizza when it was acquired by Chart House, grossed $3.5 million. Some $2.8 million of that was in a one-time bonus the reorganized company, Diversifoods, paid him to stick around.

Boppell's boss, Donald N. Smith, who engineered the merger shortly after hiring on as president and chief executive of Chart House, will make at least $948,000 this year, not counting performance bonuses. Chart House paid Smith $477,000 just to take the job.

On the other hand, Church's Fried Chicken bought out the remainder of Roger Harvin's contract for $1.4 million when he took early retirement from his posts as chairman, president and chief executive.

As the food-service industry becomes more sophisticated—and more mature—top-execu-

*(Continued on page 50)*

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*For volume reprints of this special section, contact Ilene Stargot,* **Nation's Restaurant News** *425 Park Ave., New York, N.Y. 10022. Phone: 212-371-9400.*

## *Fast-food chain executives pull highest hdqtrs. salaries*

**By Joe Edwards**

NEW YORK — Fast-food chains pay heftier average salaries to headquarters-level executives than family restaurant and dinnerhouse chains, according to an exclusive wages and benefits study conducted for *Nation's Restaurant News*.

A separate check by this newspaper, however, reveals that many of the best-paid individual executives work for food-service companies with little or no interest in fast food.

At the field and unit levels, dinnerhouse chains generally pay higher average salaries to their supervisors, managers and assistant managers than fast feeders and family restaurant chains, the study shows.

For nearly every headquarters-level executive position covered in the survey, the pay is higher at fast-food chains—in some cases, significantly higher.

Chairmen-chief executives at fast-food chains earn an average annual salary of $135,300 (not including bonuses and other benefits, which can be substantial), compared to $94,600 earned by chairmen-chief executives at family restaurant chains and $72,500 earned by chairmen-chief executives at dinnerhouse chains.

Fast feeders also pay their presidents-chief operating officers much better than chains in other segments, according to

*(Continued on page 52)*

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WAGE & BENEFITS STUDY

# The top 25: How industry leaders are compensated

(Continued from page 49)

tive salaries could rise as companies seek more seasoned talent demanding heftier compensation for years of perhaps peripatetic service.

But most of the highest-compensated executives have long tenures in the companies they work for. Either they participated in their company's rise or founded it. There is no way to put a price on entrepreneurial risk; the marketplace decides.

Certainly the salaries of the top restaurant executives are not out of line with companies in other industries. Ford chief executive Philip Caldwell, the top-paid executive in the nation, made $7.3 million last year.

And the companies appearing most frequently on *NRN*'s list are all leaders in their segments: Saga, McDonald's and Denny's.

Daniel Scoggin, architect of T.G.I. Friday's, earned $1.2 million in new stock rights after parent Carlson Cos. spun off the pub-restaurant chain as a publicly held company.

Vern Curtis, president and chief executive of Denny's, had $978,000 in stock options. If a proposed leveraged buyout goes through, Curtis' options could rise in value to maybe $1.2 million. And his 45,427 shares of the company would be worth $2 million.

Ray Danner, chairman and chief executive of Shoney's Inc., owns 22% of the company, or $100 million at recent prices. He made over $660,000 last year on dividends, drawing a relatively modest $161,000 salary package.

R. David Thomas, the founder and senior chairman of Wendy's, drew a $406,000-salary and $320,000 in dividends. But every time Wendy's stock ticks up a point, he makes $3.8 million.

James Collins, chairman and chief executive of Collins Foods, still owns 25% of his company. He paid himself a $648,000 salary last year and took $388,000 in dividends. His stake in Collins is worth about $36 million.

The most heavily represented company on the list of the 25 highest-paid executives is Saga Corp. Five executives, including Lynch, made almost $700,000 or more.

Lynch's stock options and stock appreciation rights amounted to $3.5 million. James Morell, a member of the three-man office of the president, made $1.4 million in stock gains. Co-president Jeffrey Henley earned $1.2 million in stock gains. Ralph Pica, president of Saga's Black Angus steakhouse chain earned $616,000 in gains. And co-president Carl Randall made almost $500,000 in stock gains.

But the sleeper in the Saga compensation saga could be in the Grandys' deal. Saga bought the upscale chicken chain for 1.65 million shares last year, valued at about $50 million and yielding a $528,000-a-year dividend to Grandy's former owners.

Besides Kroc, McDonald's has three executives listed among the 25 highest-paid managers.

Ranked by salary alone, Fred Turner, McDonald's chairman and chief executive, leads his colleagues. He received $515,000, but he didn't make the list because he took no stock options last year.

Edward Schmitt, vice chairman, Gerald Newman, senior executive vice president, and Michael Quinlan, president and chief operating officer, all cashed in stock options to make at least $842,000 last year.

Other runners-up include Robert Barney, chairman and chief executive of Wendy's, Warren Rosenthal, Jerrico chairman, Larry J. Cano, the founder and president of El Torito, and F. J. Spillman, Pizza Inn's chairman, president and chief executive.

Barney grossed $605,000 last year, counting $125,000 in dividends. Rosenthal made $525,000, including $240,000 in dividends.

Cano earned $495,000, all in cash or cash-equivalents. And Spillman made $445,000, only $270,000 in basic salary and benefits.

## *A SAMPLING OF EXECUTIVE COMPENSATION AT SOME OF THE BIGGEST RESTAURANT COMPANIES*

**(Ranked by total compensation for latest fiscal year)**

| Rank | Name/Age | Positions/Company | Shares Owned of Company Stock/As % of Outstanding Shares | Fiscal Year Ended | Salary, Bonus & Benefits ($) | Other ($) | Stock & Options Gains ($) | Dividends From Holding Company Stock ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|---|---|
| 1 | **Ray A. Kroc**/81* | Senior chairman/ McDonald's Corp. | 6,719,024/11.4% | 12/83 | | | | 6,517,453 | 6,517,453 |
| 2 | **Charles A. Lynch**/56 | Chairman, chief executive officer/ Saga Corp. | 89,114/0.7% | 6/83 | 769,206 | | 3,514,924 | 28,516 | 4,312,646 |
| 3 | **Charles L. Boppell**/41 | Division pres./ Diversifoods | | 12/83 | 750,000 | 2,800,000 | | | 3,550,000 |
| 4 | **Roger A. Harvin**/50** | Chairman, president, chief executive officer/ Church's Fried Chicken | | 6/83 | 767,929 | 1,385,383 | | | 2,153,312 |
| 5 | **James W. Morrell**/52 | Exec. vp, member office of pres./ Saga Corp. | | 6/83 | 252,617 | | 1,368,493 | | 1,621,110 |
| 6 | **Daniel R. Scoggin**/46 | Pres., ceo/ T.G.I. Friday's | 320,000/2.76% | 1/84 | 169,500 | 200,000 | 1,220,000 | | 1,589,500 |
| 7 | **Vern O. Curtis**/49 | Pres., ceo/ Denny's | 45,427/0.3% | 6/83 | 475,604 | | 978,428 | 29,073 | 1,483,105 |
| 8 | **Jeffrey O. Henley**/38 | Exec. vp, member office of pres./ Saga Corp. | | 6/83 | 200,580 | | 1,122,938 | | 1,323,518 |
| 9 | **Gerald S. Office Jr.**/42 | Chmn., pres., ceo/ Ponderosa | 135,778/1.7% | 2/84 | 425,000 | | 585,938 | 47,522 | 1,058,460 |
| 10 | **James A. Collins**/56 | Chmn., ceo/ Collins Foods Int'l | 2,155,931/24.9% | 4/83 | 648,400 | | | 388,068 | 1,036,468 |
| 11 | **Edward H. Schmitt**/58 | Vice chmn., chief administrative officer/McDonald's Corp. | 36,487/0.1% | 12/83 | 499,631 | | 434,170 | 35,392 | 969,193 |
| 12 | **Harris Cooper**/46 | Pres., ceo, coo/ Int'l Dairy Queen | 54,501/2.4% | 11/83 | 417,407 | | 549,780 | | 967,187 |
| 13 | **Donald N. Smith**/43 | Pres., ceo/ Diversifoods | | 12/83 | 471,250 | 476,825 | | | 948,075 |
| 14 | **Gerald Newman**/52 | Sr. exec. vp, chief accounting officer/ McDonald's Corp. | 18,727/0% | 12/83 | 354,885 | | 570,049 | 18,165 | 943,099 |
| 15 | **Michael R. Quinlan**/39 | Pres., coo/ McDonald's Corp. | 34,947/0% | 12/83 | 498,837 | | 309,423 | 33,899 | 842,159 |
| 16 | **Jack C. Maier**/58 | Chmn., pres., ceo/ Frisch's Restaurants | 128,319/6% | 5/83 | 789,642 | | | 48,120 | 837,762 |
| 17 | **Roger K. Mercier**/45 | Sr. vp/Denny's | 27,240/0.2% | 6/83 | 230,049 | | 606,307 | 17,434 | 853,790 |
| 18 | **Ralph A. Pica** | Division pres./ Saga Corp. | | 6/83 | 213,186 | | 616,343 | 616,343 | 829,529 |
| 19 | **Ray L. Danner**/59 | Chmn., ceo/ Shoney's Inc. | 4,417,236/21.9% | 10/83 | 161,145 | | | 662,585 | 823,730 |
| 20 | **David H. Bixler**/46 | Sr. vp, div. pres./ Denny's | 24,673/0.2% | 6/83 | 233,505 | | 518,157 | 15,791 | 767,453 |
| 21 | **O.Q. Quick**/64† | Chmn., pres., ceo/ Piccadilly Cafeterias | 957,864/15.8% | 6/83 | 217,275 | | | 545,982 | 763,257 |
| 22 | **R. David Thomas**/51 | Sr. chmn./Wendy's Int'l | 3,831,671/9.4% | 12/83 | 405,864 | | | 319,601 | 725,465 |
| 23 | **Carl H. Randall**/44 | Exec. vp, member office of pres./ Saga Corp. | | 6/83 | 199,642 | | 498,130 | | 697,772 |
| 24 | **Gary P. Spoleta**/40 | Pres./Shoney's Inc. | 1,836/0% | 10/83 | 345,272 | | 335,618 | 275 | 681,165 |
| 25 | **Richard P. Bermingham**/44 | Pres., coo/ Collins Foods Int'l | 40,198/0.5% | 4/83 | 621,404 | | | 7,236 | 628,640 |

Sources: Company Reports. *NRN* has estimated dividends for all officers and stock and options gains for Denny's officers.

*Kroc died 1/84.
**Harvin was succeeded as chairman and chief executive by J. David Bamberger 10/83.
†Quick was succeeded as president by James C. Malmberg 11/83.

**Salary, Bonus & Benefits—Includes cash and cash-equivalent remuneration such as director's fees, insurance benefits and certain perquisites. Also includes contingent and deferred forms of remuneration, such as pension plans and profit-sharing plans as accrued during the year.**

**Stock & Options Gains—Includes the net value realized, in shares or cash, from the exercise of stock options and stock appreciation rights granted in prior years.**

## *Methodology*

Compensation information is available on over 400 executives in the food-service industry. To bring the task down to manageable proportions, *Nation's Restaurant News* ranked almost 100 publicly owned companies according to corporate revenue. *NRN* expelled from the list certain firms, such as hotels, which earn a significant portion of their revenue from nonfood-service businesses. To narrow the list further, *NRN* picked only the 20 biggest companies, yielding data on almost 100 executives. Only the 25 highest-paid executives in the 20 biggest food-service firms were finally listed.

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WAGE & BENEFITS STUDY

# Hdqtrs. executives fare better at fast-food chains

(Continued from page 49)

the study. The average annual salary for a fast-food president is $76,100, vs. $65,714 at dinnerhouse chains and $61,000 at family restaurant chains.

At the field and unit levels, a regional supervisor at a dinnerhouse chain earns an average salary of $55,000 a year, vs. $34,300 at fast-food chains and $39,000 at family restaurant chains.

A typical general manager of a chain dinnerhouse is paid $26,000 a year, compared to $24,400 for a general manager of a family restaurant and $23,100 for a fast-food unit manager.

Dinnerhouse chains are also more apt to pay bonuses to headquarters executives than fast-food and family restaurant chains. Seventy-one per cent of dinnerhouse chains award bonuses to headquarters executives while only half the family restaurant chains and 36% of the fast-food chains in the survey do so.

Bonuses for field-level and unit-level supervisors and managers are much more commonplace. A majority of all chains award bonuses to field-level and unit-level managers—88% in fast food, 59% in family restaurants and 67% in dinnerhouses.

Even though 64% of fast-food chains do not award bonuses to headquarters executives, the chains that do award them are generous. Chairmen-chief executives at fast-food chains that award bonuses receive an average of $10,500 a year, vs. $8,143 for chief executives at family restaurant chains and $6,250 for chief executives at dinnerhouse chains.

Lebhar-Friedman Research, which is owned by *Nation's Restaurant News*' parent company, Lebhar-Friedman Inc., surveyed officials of 120 fast-food, family restaurant and dinnerhouse chains and published the results in a 122-page report titled, "A Confidential Study of Wages and Benefits."

One of the most interesting aspects of the study is the wide difference in salaries for some headquarters positions between fast-food chains and the two other segments.

Fast feeders pay an average of $64,500 to marketing vice presidents, compared with $47,500 paid by dinnerhouse chains and $46,700 paid by family restaurant chains.

Heads of training departments at family restaurant chains earn an average of only $21,200 a year, much less than their counterparts at fast-food chains, who earn $35,000, and dinnerhouse chains, who earn $32,500.

Controllers of fast-food chains earn an average annual salary of $45,900, compared with $27,600 paid to controllers at family restaurant chains and $36,500 at dinnerhouse chains.

Treasurers of fast-food chains earn an average of $18,000 more a year than treasurers at family restaurant chains—$54,000 compared with $36,000. A dinnerhouse chain treasurer averages $51,500.

The vice president of real estate, franchising and/or construction earns $49,000 at family restaurant chains and $42,500 at dinnerhouse chains, both of which salaries pall by comparison to the $70,200 paid for the same post at a fast-food chain.

Family restaurants pay higher salaries to vice presidents of human resources (average $65,000) than fast-food chains ($51,700) and dinnerhouse chains ($39,500). And a marketing director/manager of a dinnerhouse chain earns an average of $55,000, compared to $46,700 paid by fast-food chains and $44,500 paid by family restaurant chains.

### Highest Paid

The highest-paid field-level executives in the survey were regional supervisors, who earn an average annual salary of $34,300 at fast-food, $39,000 at family restaurant and $55,000 at dinnerhouse chains. They receive more than some headquarters executives.

Salaries of other field-level supervisors and managers in the three segments are generally comparable, although an assistant regional manager of operations does much better at a dinnerhouse chain ($40,000-a-year) than at fast-food chains (only $24,200) and family restaurant chains ($34,000).

Regional supervisors at dinnerhouse chains also earn substantially more than some top executives at dinnerhouse chain headquarters—$55,000-a-year for a regional supervisor compared with $47,500 for a chief marketing vice president, $46,000 for vice president/division chief and $37,500 for financial vice president/chief financial officer.

As was expected, salaries for unit-level management drop off dramatically. A general manager/unit manager earns $23,100 at fast feeders, $24,400 at family restaurants and $26,000 at dinnerhouses.

Bonuses are paid much more frequently at the field and unit levels than at headquarters.

Significantly, marketing vice presidents at fast-food chains are awarded the most substantial annual bonuses—$15,000-a-year on average, more than presidents and chairmen.

While 64% of the fast-food chains surveyed do not award bonuses of any kind to headquarters executives, those fast feeders that do award bonuses are very generous compared with family restaurant chains and dinnerhouse chains. In some cases, the gap between fast-food bonuses and bonuses paid in the other segments was very wide.

### The Bonus Gap

For example, a marketing vice president at a dinnerhouse chain receives an average bonus of only $3,000; his counterpart at family restaurants does better—about $7,600. However, a fast-food marketing vice president receives much more—an average of $15,000 a year in bonus.

A division vice president at a dinnerhouse chain receives an average bonus of $3,333 compared to $10,286 awarded to the same executive at a fast-food chain. Fast-food marketing directors average $12,500 bonus vs. $7,100 at family restaurant and $3,000 at dinnerhouse chains.

Average bonuses drop off considerably at the field and unit levels but bonuses are paid much more frequently in the field than at headquarters.

An area supervisor-vice president receives an average bonus of $3,865 at fast-food chains, $4,906 at family restaurant chains and $7,200 at dinnerhouse chains; a regional supervisor $2,875 at fast food, $2,550 at family restaurant and $6,125 at dinnerhouse chains, and a general manager/unit manager is awarded an average bonus of $2,303 at fast food, $5,275 at family restaurant and $3,225 at dinnerhouse chains.

The total dollar value of annual salaries and bonuses paid to chairmen-chief executives at fast-food chains is $145,800, followed by chairmen-chief executives at family restaurant chains ($102,743) and marketing vice presidents at fast-food chains ($79,500). Fast-food marketing vice presidents on the average receive slightly higher average salary plus bonus than the chairmen-chief executives of dinnerhouse chains ($78,750).

In addition, most executives receive benefits such as hospital coverage, life insurance and stock option plans

**AVERAGE ANNUAL SALARIES FOR SELECTED POSITIONS**

| Headquarters Level Positions | Fast Food | Family Restaurants | Dinnerhouses |
|---|---|---|---|
| Chairman/Chief Executive | $135,300 | $94,600 | $72,500* |
| President/Chief Operating Officer | 76,100 | 61,000 | 65,714* |
| Executive Vice President/ Vice President-Administration | 58,900 | 58,800 | 61,400 |
| Vice President-Real Estate/ Franchising/Construction | 70,200 | 49,000 | 42,500 |
| Chief Marketing Vice President | 64,500 | 46,700 | 47,500 |
| Vice President/Division Chief | 50,700 | 56,200 | 46,000 |
| Vice President-Human Resources | 51,700 | 65,000 | 39,500 |
| Financial Vice President/ Chief Financial Officer | 55,300 | 54,400 | 37,500 |
| Operations Vice President | 50,200 | 46,800 | 43,200 |
| Marketing Director/Manager | 46,700 | 44,500 | 55,000 |
| Treasurer | 54,000 | 36,000 | 51,500 |
| Vice President/Director of Distribution and Purchasing | 50,200 | 35,000 | 40,000 |
| Controller | 45,900 | 27,600 | 36,500 |
| Vice President-Director Director of Training | 35,000 | 21,200 | 32,500 |
| Field Management Level | | | |
| Regional Supervisor | 34,300 | 39,000 | 55,000 |
| Regional Marketing Manager | 33,600 | 36,200 | |
| Regional Personnel Manager | 32,200 | 35,000 | 26,000 |
| Area Supervisor-Vice President | 28,600 | 32,600 | 35,000 |
| Regional Franchise Operations Manager | 31,000 | 30,000 | |
| Assistant Regional Manager of Operations | 24,200 | 34,000 | 40,000 |
| Unit Level | | | |
| Chief Chef-Expeditor | 19,500 | 22,900 | 28,600 |
| General Manager/Unit Manager | 23,100 | 24,400 | 26,000 |
| Second Assistant Manager | 17,600 | 18,500 | 18,900 |
| First Assistant Manager | 16,600 | 17,100 | 19,100 |

Source: Lebhar-Friedman Research

*Comparisons using these two figures are difficult because of a very small base of respondents—six for dinnerhouse chief exec and eight for president.

**AVERAGE ANNUAL BONUSES FOR SELECTED POSITIONS**

| Headquarters Level | Fast Food | Family Restaurants | Dinnerhouses |
|---|---|---|---|
| President/Chief Operating Officer | $10,125 | $9,000 | $7,125 |
| Marketing Vice President | 15,000 | 7,625 | 3,000 |
| Financial Vice President/ Chief Financial Officer | 11,333 | 9,500 | 4,375 |
| Chairman/Chief Executive Officer | 10,500 | 8,143 | 6,250 |
| Vice President/Division Chief | 10,286 | 9,000 | 3,333 |
| Vice President/Director of Distribution-Purchasing | 13,125 | 7,625 | 3,333 |
| Marketing Director/Manager | 12,500 | 7,100 | 3,000 |
| Executive Vice President/Vice President-Administration | 9,500 | 9,214 | 4,833 |
| Vice President-Real Estate/ Construction/Franchising | 12,400 | 2,917 | 4,500 |
| Controller | 13,125 | 7,667 | 2,800 |
| Vice President-Human Resources | 9,800 | 7,667 | 2,667 |
| Treasurer | 11,750 | 5,167 | 2,667 |
| Vice President-Operations | 8,562 | 6,900 | 3,500 |
| Vice President/Director of Training | 5,750 | 5,400 | 3,000 |
| Unit and Field Level | | | |
| Area Supervisor/ Vice President | 3,865 | 4,906 | 7,200 |
| Regional Supervisor | 2,875 | 2,550 | 6,125 |
| General Manager/ Unit Manager | 2,303 | 5,275 | 3,225 |
| First Assistant Manager | 1,827 | 4,219 | 2,107 |
| Second Assistant Manager | 1,750 | 2,792 | 2,400 |
| Regional Marketing Manager | 1,833 | 2,550 | 2,000 |
| Regional Personnel Manager | 750 | 2,550 | 2,000 |
| Assistant Regional Manager-Operations | 750 | 2,550 | 2,000 |
| Chief Chef/Expeditor | 1,375 | 2,950 | 1,792 |
| Regional Franchise Operations Manager | 1,167 | 2,250 | 2,000 |

Source: Lebhar-Friedman Research

## Food service fares badly in base salary comparison

NEW YORK — Food-service executives aren't doing nearly as well as their counterparts in other areas of retailing when it comes to base salaries.

The National Retail Merchants Association recently published its own "Executive Compensation Survey of the Retailing Industry" and found that the average annual salary for a corporate chief executive is $371,400. A corporate chief operating officer averages $239,400 and a chief executive of a retail division earns $204,800.

In *Nation's Restaurant News*' wages and benefits study, the average annual salary for a chairman-chief executive is $103,000 and for a president-chief operating officer, $67,965.

FOCUS NRN

WAGE & BENEFITS STUDY

# Unit managers big winners in the bonus grab-bag

NEW YORK—Fast-food unit managers receive annual bonuses more often than all other chain executives and managers at headquarters, field or unit levels, according to *Nation's Restaurant News*' wages and benefits study.

The survey shows that 84% of fast-food unit managers receive annual bonuses, compared to 67% of dinnerhouse chain unit managers and 59% of family restaurant unit managers.

Only 36% of fast food, 50% of family restaurant and 71% of dinnerhouse chains award annual bonuses to headquarters executives while 88% of fast food, 59% of family restaurant and 67% of dinnerhouse chains award bonuses to field and unit-level supervisors and managers, according to the survey.

Bonuses are paid most often to general managers/unit managers (84% of fast food, 59% of family restaurant and 67% of dinnerhouse chains); first assistant unit managers (60% of fast food, 47% of family restaurant and 44% of dinnerhouse chains), and presidents-chief operating officers (36% of fast food, 44% of family restaurant and 35% of dinnerhouse chains).

Questioned how bonuses are calculated for headquarters executives, 18% of the fast food, 14% of the family restaurant and 34% of the dinnerhouse chains said bonuses are a per cent of profits; 18% of fast food, 17% of family restaurant and 20% of dinnerhouse chains said bonuses are a per cent of sales, and 8% of fast food, 14% of family restaurant and 20% of dinnerhouse chains said bonuses are tied tc profit margins.

For field and unit-level personnel, 26% of fast food, 17% of family restaurant and 26% of dinnerhouse chains calculate bonuses based on maintaining gross profit margins; 14% of fast food, 9% of family restaurant and 34% of dinnerhouse chains said bonuses are a per cent of profits; 18% of fast food, 17% of family restaurant and 11% of dinnerhouse chains said bonuses are a per cent of sales, and 12% of fast food, 6% of family restaurant and 9% of dinnerhouse chains said bonuses are a per cent of sales over a quota.

### *HOW BONUSES ARE CALCULATED*

| Headquarters Level | Fast Food* | Family Restaurants* | Dinnerhouses* |
|---|---|---|---|
| Bonus is Per Cent of Profits | 18% | 14% | 34% |
| Bonus is Per Cent of Sales | 18 | 17 | 20 |
| Bonus is Tied into Gross Profit Margin Maintained | 8 | 14 | 20 |
| Bonus a Per Cent of Sales Over Quota | 6 | 3 | 6 |
| All Other Mentions | 4 | 14 | |
| Bonus Not Awarded | 54 | 34 | 29 |
| Don't Know/No Answer | | 6 | 6 |
| Nonheadquarters Staff | | | |
| Bonus Tied into Gross Profit Margin Maintained | 26 | 17 | 26 |
| Bonus is Per Cent of Profits | 14 | 9 | 34 |
| Bonus is Per Cent of Sales | 18 | 17 | 11 |
| Bonus is Per Cent of Sales Over Specified Quota | 12 | 6 | 9 |
| All Other Mentions | 2 | 14 | |
| Bonus is Not Awarded to These Positions | 32 | 40 | 37 |
| Don't Know/No Answer | 2 | 3 | 3 |

Source: Lebhar-Friedman Research

*Adds to more than 100% due to multiple answers

### *INCIDENCE OF AWARDING BONUSES FOR SELECTED POSITIONS*

| Headquarters Level | Fast Food | Family Restaurants | Dinnerhouses |
|---|---|---|---|
| President/Chief Operating Officer | 36% | 44% | 35% |
| Chairman/Chief Executive Officer | 32 | 39 | 35 |
| Executive Vice President/ Vice President-Administration | 20 | 39 | 47 |
| Vice President-Division Chief | 32 | 44 | 24 |
| Operations Vice President | 36 | 28 | 29 |
| Financial Vice President/ Chief Financial Officer | 28 | 22 | 24 |
| Vice President-Real Estate/ Construction/Franchising | 24 | 22 | 18 |
| Controller | 20 | 17 | 29 |
| Vice President/Director of Distribution and Purchasing | 16 | 22 | 24 |
| Vice President-Human Resources | 24 | 17 | 18 |
| Vice President/Director of Training | 20 | 28 | 12 |
| Treasurer | 20 | 17 | 18 |
| Chief Marketing Vice President | 16 | 22 | 12 |
| Marketing Director/Manager | 12 | 28 | 12 |
| Do Not Award Bonuses | 64 | 50 | 29 |
| Don't Know/No Answer | | | 12 |
| Unit Level | | | |
| General Manager-Unit Manager | 84 | 59 | 67 |
| First Assistant Manager | 60 | 47 | 44 |
| Chief Chef/Expeditor | 28 | 29 | 39 |
| Second Assistant Manager | 28 | 35 | 28 |
| Field Management Level | | | |
| Area Supervisor/Vice President | 56 | 47 | 33 |
| Regional Supervisor | 36 | 29 | 22 |
| Regional Marketing Manager | 12 | 35 | 6 |
| Regional Manager Franchise Operations | 20 | 18 | 6 |
| Assistant Regional Manager Operations | 8 | 29 | 6 |
| Regional Manager Personnel | 8 | 29 | 6 |
| Do Not Award Bonuses | 12 | 41 | 33 |

Source: Lebhar-Friedman Research

# Benefits: Fine for execs, but then a drop-off

NEW YORK — Nearly all food-service chains provide hospital insurance for employees working in management or higher levels but after that, the incidence of benefits provided to employees drops off dramatically, according to a wages and benefits study conducted for *Nation's Restaurant News*.

The survey showed that 98% of fast-food chains, 94% of family restaurant chains and 97% of dinnerhouse chains provide hospital coverage and slightly fewer—96% of fast food, 89% of family restaurant and 97% of dinnerhouse chains—provide major medical coverage.

Only 94% of fast food, 80% of family restaurant and 94% of dinnerhouse chains provide surgical coverage; 68% of fast food, 57% of family restaurant and 66% of dinnerhouse chains provide prescription coverage and discounts; 60% of fast food, 54% of family restaurant and 51% of dinnerhouse chains provide short-term disability; 64% of fast food, 46% of family restaurant and 54% of dinnerhouse chains provide long-term disability, and 50% of fast food, 46% of family restaurant and 43% of dinnerhouse chains provide dental coverage, according to the survey.

Life insurance is paid by 76% of fast food, 86% of family restaurant and 69% of dinnerhouse chains and 28% of fast food, 17% of family restaurant and 23% of dinnerhouse chains have contributory plans for life insurance.

Other benefits are provided by an even smaller percentage of chains surveyed. Only 24% of the fast food, 23% of family restaurant and 43% of dinnerhouse chains have profit sharing plans; only 38% of fast food, 14% of family restaurant and 23% of dinnerhouse chains have pension plans, and 34% of fast food, 11% of family restaurant and 11% of dinnerhouse chains have stock option/ownership plans.

Only 16% of fast feeders and 17% of both family restaurant and dinnerhouse chains have savings plans.

### *TYPES OF BENEFITS PROVIDED TO EMPLOYEES*

(Management or Higher Levels)

| | Fast Food | Family Restaurants | Dinnerhouses |
|---|---|---|---|
| Medical: Hospital Coverage | 98% | 94% | 97% |
| Major Medical | 96 | 89 | 97 |
| Surgical Coverage | 94 | 80 | 94 |
| Prescription Coverage/ Discounts | 68 | 57 | 66 |
| Short-term Disability | 60 | 54 | 51 |
| Long-term Disability | 64 | 46 | 54 |
| Dental Plan | 50 | 46 | 43 |
| Life Insurance: Company Paid | 76 | 86 | 69 |
| Contributory Plan | 28 | 17 | 23 |
| Financial Services: Profit Sharing | 24 | 23 | 43 |
| Pension Plan | 38 | 14 | 23 |
| Stock Option/ Ownership Plans | 34 | 11 | 11 |
| Savings Plans/ Investments | 16 | 17 | 17 |
| Do Not Provide Benefits | 2 | | 3 |

Source: Lebhar-Friedman Research

## *Dinnerhouses among the few chains with profit-sharing programs*

NEW YORK — Only a small percentage of all food-service chains surveyed by Lebhar-Friedman Research for *Nation's Restaurant News* have profit-sharing plans.

Dinnerhouse chains were the most likely to have profit-sharing plans—37% vs. 26% of fast-food chains and 20% of the family restaurant chains surveyed.

## *How this study was brought together*

This report is based on a wage and benefits study recently conducted by Lebhar-Friedman Research for *Nation's Restaurant News*. Both Lebhar-Friedman Research and *NRN* are owned by Lebhar-Friedman Inc., New York.

Lebhar-Friedman Research conducted 120 12-minute telephone interviews of chain food-service executives located throughout the country. A total of 50 fast-food chain executives, 35 family restaurant chain executives and 35 dinnerhouse chain executives were interviewed.

In most cases, the executive interviewed was director of personnel/human resources, controller or chief financial officer.

In addition to the more familiar statistics such as frequency distributions, averages and cross tabulations, inferential statistics were also calculated in the preparation of the 122-page "Confidential Study of Wages and Benefits." T-tests were performed in order to test the differences between two percentages. In short, based upon statistical calculation, one can state that the difference between two percentages is significant.

On average, the chains represented by the survey employed 1,456 full-time employees. However, due to the large range of responses, it is useful to consider the median response which was closer to 400 employees.

In a typical restaurant represented by the survey, the average number of full-time and part-time employees was 24 and 22, respectively. The median was 14 full-time and 13 part-time employees.

The average number of seats available in the overall chain represented by the survey was 7,944 seats. The median number of seats available was 1,300. In a typical unit represented in the survey, the average number of seats was 126 and the median was 90.

The average chain represented by the survey was affiliated with 172 units and reported an annual dollar volume of $74.5 million. The median number of units was 22 and the median volume was $16 million.

DESIGN & DECOR

***The new looks of the 80's—Pp. 45, 47***

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*The Newspaper of the Food Service Industry*

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**Joseph Neubauer**
*ARA chairman, ceo*

# Siegel pursues all-out bid to take over ARA Services

**By Charles Bernstein**

LOS ANGELES — William Siegel, former president of ARA Food Service, is vehemently pursuing a projected acquisition of giant $3.5 billion Philadelphia-based ARA Services, despite apparent bitter opposition from ARA's management.

"If the ARA board doesn't find our $60 a share offer satisfactory," declared a source close to Siegel, "we'll just up the ante until they realize how important this is for their future."

Siegel was unavailable for comment at presstime, busily touring his Texas oil fields and otherwise occupied with his Los Angeles-based mini-conglomerate empire which includes computerized financial products wholesaler Bradford National (taken over by Siegel in a proxy struggle last year) and various entertainment and film company holdings.

Siegel, 53, would take ARA private under a complex plan to buy out the stockholders at a minimum price of $732 million. He is anxious to have ARA's current management led by chairman and ceo Joseph Neubauer, 42, retain a major role in ownership and management. But Neubauer and other ARA executives indicated they were "strongly opposed to any bid from anyone" and would "fight to remain independent."

ARA's bitter opposition surprised some observers since its stock was hovering at $54 per share when the offer was made and hasn't reached the $60 level in four years.

**William Siegel**
*Wants to buy out ARA*

Some observers indicated Siegel's investment group could provide much-needed capital, cash flow and management expertise to help heavily diversified ARA, which has a huge challenge in trying to handle over 100 operating divisions, including in-plant feeding, vending services, health and hospital feeding, school and college feeding, airport catering, school bus services, tablecloth

*(Continued on page 70)*

# *Chains turn to mini-stores*

## New scaled-down fast-food concepts feature limited menus, few extras

**By Joe Edwards**

Remember the old days when fast-food customers walked up to the service counter, ordered a burger, shake and fries, plunked down a dollar or so and were out of the unit in a minute or two?

Get ready to return to those simpler times—a mini-store phenomenon is sweeping the industry.

New scaled-down fast-food concepts, some operated by major chains such as Burger King, Church's and McDonald's, are offering old-fashioned limited menus, quicker-than-usual service and very few frills. Often these mini-stores don't have seats. In some cases, a burger, fries and soda cost less than a dollar.

Mini-stores are plugging a gap on the lower end of food service that was created when many fast-food chains began "upscaling" their decor, expanding menus and raising prices.

Because they are so small and have few amenities, mini-stores offer operators a lower-cost alternative to building a standard-size restaurant. Ministores fit well on shopping center parking lot pads, in congested downtown areas where rents are high and space hard to find and in small towns with tiny populations that can not support a full-scale fast-food unit.

*(Continued on page 69)*

# Union won't budge on youth wage

## *Harbrant: subminimum wage discriminates against teens*

**By Ken Rankin**

WASHINGTON — There are times when food-service industry labor and management groups work side-by-side on Capitol Hill to rally legislative support for common objectives. But 1984 has not been one of those times.

During the past six months lobbyists for organized labor and the restaurant industry have locked horns on a series of Congressional issues ranging from Federal minimum wage rates, to the Targeted Jobs Tax Credit program, to President Reagan's plan to establish a reduced "Youth Employment Opportunity Wage" for teenagers.

In addition to purely payroll-related legislation, food-service union and management representatives have also been working at cross-purposes on such critical "social" issues as a national 21-year-old drinking age.

Continued friction between the two camps could make it difficult for restaurant industry and labor groups to join forces next year as Congress debates cutbacks in business meal deduc-

*(Continued on page 70)*

# Olympics may boost USC food-service tally by $2M

**By Richard Martin**

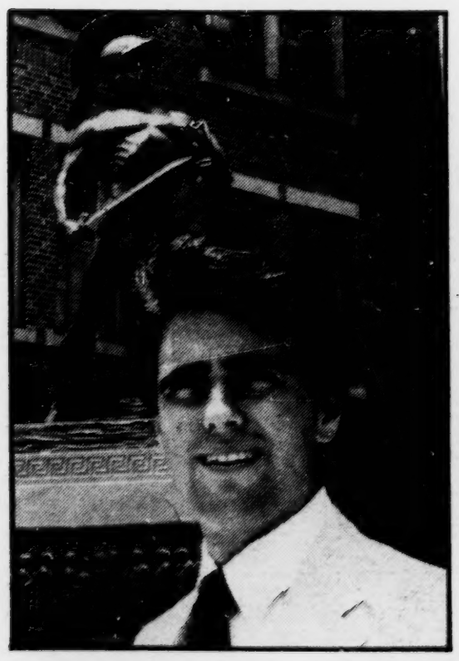
LOS ANGELES — Beginning with the crack of the Olympic starting gun, a three-week bonanza of food-service business is expected at public facilities on the University of Southern California campus.

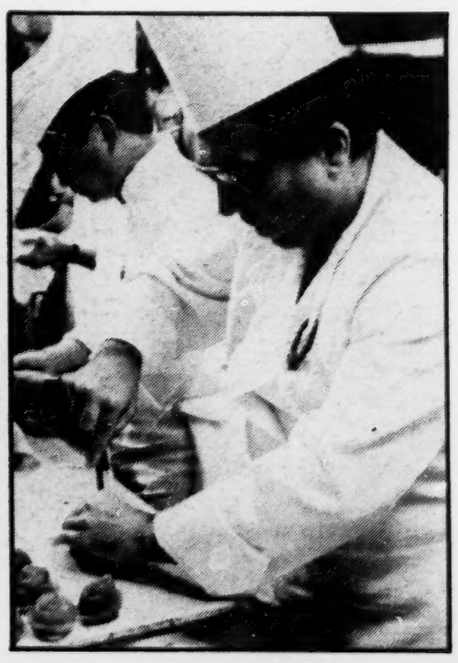
International sports fans attracted by on-campus Olympic Village activity could quickly help add a $2 million sales increment to the normal $8 million-plus USC annual food-service tally, hopeful USC officials predicted.

Specially themed beer gardens, outdoor cafes and expanded restaurant, cafeteria and snack facilities are expected to draw both off-duty athletes from the Olympic Village and curious fans from the adjacent Los Angeles Coliseum area.

Largely planned and executed by USC Olympic Games food and beverage coordinator Mark J. Monro, the Olympic-period public feeding marathon was predicated on forecasts of daily

*(Continued on page 70)*





**Left: Mark J. Monro, USC Olympic Games food and beverage coordinator. Right: ARA Services chef takes part in training exercise to prepare for arrival of athletes.**

# *Geraldine Ferraro: the unknown quantity*

WASHINGTON — As the representative for New York's Ninth Congressional District, Democratic Vice Presidential nominee Geraldine Ferraro crossed swords with restaurant-industry lobbyists occasionally on a variety of legislative issues.

But the former Queens County district attorney has reason to appreciate the problems and concerns of food-service operators, Ferraro's Congressional staffers told *Nation's Restaurant News*. Her father, an Italian immigrant, operated a restaurant during the Depression years.

Notwithstanding her childhood ties to the food-service field or her largely conservative, working-class constituency, Ferraro's voting record on Capitol Hill has earned her a reputation as a political liberal with little sympathy for "pro-industry" legislation championed by restaurant-lobby groups.

In addition to voting against most Reagan Administration tax and regulatory reform proposals designed to help business, Ferraro is on record against youth subminimum wage legislation and other measures opposed by labor.

Although she also opposed the recent House-passed "Immigration Reform" bill setting penalties for employers of illegal aliens, Ferraro voted against the National Restaurant Association-backed "Kindness Amendment" to that measure which would have spared food-service operators burdensome new Federal record-keeping chores.

*(Continued on page 69)*

## *LATE NEWSBREAKS*

**General Leisure Corp. has sold its seven Longhorn Cafe restaurants in the Houston area to a company executive, Julian Fertitta II, for an undisclosed amount of cash. General Leisure plans to concentrate on luxury hotel development.**

**Godfather's Pizza is suing ad agency Chiat/Day to block the agency from taking on Pizza Hut's $20 million account. Godfather's says Chiat/Day might give away secrets obtained during a recent pitch for Godfather's ad business.**

**Burger King's first unit on an overseas United States military base opens this week in Ansbach, Germany. It's the first of 185 projected BK's with the Army and Air Force Exchange Service as franchisee. The chain already has units on Navy and Coast Guard bases in the United States.**

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# Karcher rolls out industry's 'biggest burger'

## *Lauds it as 'burger you'd make for yourself'*

By Richard Martin

ANAHEIM, Calif. — Carl Karcher Enterprises has rolled out a ⅓-lb. Western Bacon Cheeseburger for $2.49, described in a $2 million ad campaign as "the biggest burger in fast-food history."

(Arby's has been testing a ⅓-lb. burger at company stores in Youngstown, Ohio, and Atlanta, but says it is nowhere near a rollout.)

In all 365-odd Carl's Jr. units in California and Nevada, the ⅓-pounder replaces a 3.6-oz. version of the Western Bacon Cheeseburger selling for $1.99 which was introduced about two years ago. The company plans to roll the new ⅓-lb. item into its 25-odd units in Arizona by fall.

CKE expects the upscaled product to pull in at least the same 6% to 8% of total sales at the smaller version. The bigger, flame-broiled burger on a sesame-seed bun is dressed with a slice of American cheese, two strips of bacon, two deep-fried onion rings and barbecue sauce with a more intense hickory flavor than was used on the old product.

TV spots stress the ⅓-pounder's size, saying it is "like you make [for] yourself," adding that Carl's Jr. is "the first fast-food restaurant with a burger the way a burger ought to be."

CKE's budding franchise system is also carrying the new product. Two former CKE senior vice presidents; Bernard Karcher and Gary Wiles, are now operating a total of six Carl's Jr. units in southern California as the company's first franchise operators.

At presstime, a third franchisee was expected to begin operations in the San Francisco area by early August. The main thrust of CKE's franchise drive is still scheduled to begin next year in Texas; where company-owned units began opening this month.

CKE, with sales of $289 million last year, expects to have more than 400 units systemwide and total sales of $360 million by fiscal year end in January.

A revamped breakfast program being rolled out this fall is the company's next planned new-product effort. A new variety of breakfast entrees will be unveiled, served on the same metal plates with flatware deployed last year for a line of charbroiled dinners. Other breakfast features will include coffee mugs to replace styrofoam cups; one upgraded omelet to replace three other omelet items, and more visual merchandising of an upgraded line of breakfast pastries.

Bernard Karcher

**COMMODITIES**

## Orange juice stable; pork prices jumping

NRN Special Report

Florida orange juice concentrate producers, planning another hike in price for early this month, backed off. Original reason given for the proposed rise was that movement was up and cutting into tight inventories, plus the Brazilians were planning to raise their prices from $1,450 per ton to as much as $1,900. As *NRN* went to press, the Brazilian price seems to have moved up, but only to $1,600. And cutthroat competition among producers in the consumer market seems to have tapered off, with prices gradually rising to their true market level, which should put downward pressure on demand.

Everyone in the juice business is watching Brazilian weather. This is about the time for another freeze to strike that country's groves. So far, although several deep frosts have hit neighboring Argentina, Brazil's growers have remained unscathed—and the critical blossom season is just about over for the fruit. The Brazilian supply is critical to United States juice markets, particularly since the most recent damage to Florida's groves.

Pork prices started a climb again early this month, possibly reflecting 9% fewer hogs on farms this year than last. But some agricultural economists believe that the improved weather in late June and early July through most of the Midwest was the culprit.

When the weather turns clement after a period of storms, as it did this year, farmers usually take to the fields, and they do now worry about getting hogs to market. Eventually, when the bulk of the heavy work is out of the way, they'll start the flow to the slaughterhouses again.

The outlook for the rest of the year doesn't look good, however. Farmers answered the latest U.S. Department of Agriculture survey with notice they intended to farrow 9% fewer sows this year than last, and the hog population figures above seem to bear this out. Look for higher pork prices through the fall and winter.

### Broiler Prices Edge Up Again

Broiler prices, after dropping in June to levels near last year, have begun to move back up again—this time reflecting the hot summer weather. When broiler chicks experience hot weather, they do not put on the weight or size that's possible in winter and spring. The producers run up the price to balance the lighter weights. This condition should change in midfall, as the weather turns more temperate in the mid-Atlantic and Southeastern areas where a large part of this country's broilers are raised.

Despite high prices, lamb and mutton consumption continues to rise, matched by increased production over the past several years. For the first five months of this year, United States production was up 7% over the same period in 1983. Imports during that time were up 5%, contributing to an apparent consumption of 9% greater than for the first part of last year.

Beef demand is still sluggish, with consumers holding back

*(Continued on page 69)*

### PRICE MOVEMENT AT A GLANCE

| | July 6, 1983 | June 6, 1984 | July 6, 1984 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 1.03 | $ 0.97 | $ 1.03 |
| Broccoli, fresh, Calif. (14s) | $ 5.00-6.00 | $ 3.50-4.00 | $ 3.50-4.00 |
| Broilers, Grade A dressed, icepack, NYC (lb.) | $ 0.5497 | $ 0.6162 | $ 0.6555 |
| Eggs, Grade AA, large white, Chicago (doz.) | $ 0.6475 | $ 0.66-0.68 | $ 0.68-0.70 |
| Lettuce, iceberg, Calif. (24s) | $ 3.00-3.25 | $ 5.00-6.00 | $ 2.50-3.00 |
| Lima beans, dry, large Calif. (cwt.) | $34.00 | $60.00-61.00 | $61.00-63.00 |
| Pepper, black, NYC (lb.) | $ 0.73 | $ 1.00 | $ 0.97 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.00 | $ 0.99 | $ 1.15 |
| Potatoes, rnd white, East Coast (50 lb.) | $ 4.50 | $ 4.50 | $ 7.00 |
| Soybean oil, crude, Midwest (lb.) | $ 0.2017 | $ 0.3820 | $ 0.3077 |

Source: *NRN* Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Hyde leaves Diversifoods-BK; Bolton takes reins as president

By David Zuckerman

CHICAGO — William F. Hyde, 36, has resigned as president of Diversifoods' 373-unit Burger King division to pursue personal business interests in his native Lafayette, La. Gregory E. Bolton will move from the company's Atlanta-based Luther's Bar-B-Que division to fill the vacancy.

Hyde's exit has been looming for over a year, since he was displaced as president and ceo of Chart House Inc. by the arrival of Donald N. Smith.

Under Smith, who took over as Chart House president and ceo, Chart House merged with Godfather's Pizza to form Diversifoods and Hyde was transferred to the company's Burger King division. (Diversifoods is the largest Burger King franchisee and Hyde earlier had built it into a leader.)

William F. Hyde

Bolton, who had been serving as vice president of franchise operations at Luther's for the past year, brings solid fast-food credentials to his new post as Burger King division president.

Prior to joining Diversifoods in 1983, he spent the past five years as a regional vice president with Pillsbury's Burger King where he was credited with helping to revive the chain's sagging operations in the Atlanta market. His experience also includes eight years in the McDonald's system.

Under Bolton, Diversifoods' Burger King division will continue to play the role of "cash cow" in the company's overall strategy to develop and expand other concepts—principally Godfather's and Luther's. (Diversifoods also operates Chart House restaurants and is in the process of developing Moxie's, a gourmet hamburger chain.)

In fiscal 1983, the Burger King division accounted for 60% of Diversifoods' net profits and 49% of revenue. With the rollout of croissant breakfasts at all company stores and a $9 million remodeling program under way, average unit volumes—currently about $880,000—may well surpass the $1 million mark by the end of fiscal 1984.

Bolton's mission will be to maintain the tight management and operational controls instituted under Smith to squeeze maximum profitability from the company's Burger King division. Some new units will be added (about 15 this year) but much of the profits will be filtered into the development of

*(Continued on page 69)*

# Loews fuels Dallas expansion with debut of the Anatole Tower

By Susan Spedalle

DALLAS — Loews Anatole hotel has become one of the country's largest hotel complexes with the recently completed edition of the Anatole Tower.

President Reagan and his entourage will make their headquarters at the hotel during the Republican National Convention here Aug. 19-23.

The new tower, and extensive landscaping, has turned the 920-room atrium hotel into a megahotel with 1,620 guest rooms, 19 restaurants and a total of 165,000 sq. ft. of meeting space.

Host of the 25th annual Multi-Unit Foodservice Operators (MUFSO) conference, sponsored by *Nation's Restaurant News*, Sept. 30-Oct. 3, the hotel has readied numerous conference rooms in the addition. Also opened are a full-scale health club, two movie theaters and an intimate nightclub which Lowes' hopes will become an "international hot spot."

A lack of convention facilities oriented toward large conventions had cost the hotel business in the past, according to Charlotte St. Martin, regional vice president of sales and marketing. "Many conventions require 1,500-room hotels before they will even consider a city," says St. Martin.

The necessary additions to the hotel included a 30,000-sq.-ft. ballroom and conference rooms which provide projection equipment.

The hotel now offers eight VIP function rooms, three executive board rooms, six theater lecture halls seating from 100 to 1,000 and three smaller ballrooms.

But the significant difference between the old hotel and the new expanded hotel is the "resort type atmosphere" essential to attracting business, according to St. Martin.

Known for its stunning architecture and red brick facade, the hotel will now also be known for its amenities. A seven-acre park featuring formal gardens, trellised walkways, a putting

*(Continued on page 68)*

# Vicorp inks $62.5 million deal for Sambo's assets

DENVER — Vicorp Restaurants has signed a definitive agreement with Charles J. McLaughlin, trustee for Sambo's, to acquire 183 remaining Sambo's for $62.5 million in cash, notes and stock.

The agreement is subject to the approval of Federal Bankruptcy Court which may rule on the acquisition this week. If the deal is approved, McLaughlin will dispose of Sambo's remaining assets.

Sambo's is operating under a Chapter 11 proceeding pending in U.S. Bankruptcy Court in California. Vicorp plans to convert the acquired Sambo's units to its own concepts, which include Village Inn Pancake Houses and Bakers Square family restaurants.

McLaughlin said he will "enthusiastically recommend" the acquisition to Bankruptcy Court because it will offer Sambo's employees the opportunity to pursue their careers with Vicorp.

The 183 units to be acquired by Vicorp are in California, Florida, Arizona, and Texas. The included Seasons coffee shops, a concept developed to save Sambo's, and franchised Godfathers Pizza and Coco's family restaurants.

## FINANCIAL NEWS

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended July 13 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| | | | | | Monthly Change | | 52-Week | | | | | | | | | | | | | | | | | | | | |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 5.50 | 4.88 | 4.88 | -.88 | -15.22 | 8.75 | .00 | -.89 | -1.52 | 4.02 | -9.71 | .40 | .44 Q | NC | 10.0 | 4.3 | 11.1 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.88 | 4.50 | 4.50 | -.50 | -10.00 | 7.25 | 3.88 | .09 | -1.64 | -6.32 | 12.28 | -2.05 | -1.98 S | -164.7 | -75.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 15.13 | 14.38 | 15.00 | .50 | 3.45 | 18.75 | 12.69 | .30 | .92 | 3.38 | 4.35 | 1.67 | .18 Q | 12.0 | 39.0 | 2.1 | 8.9 | .40 | 2.7 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 15.00 | 14.50 | 14.63 | -.13 | -.85 | 18.88 | 12.50 | .62 | .25 | -.36 | -30.93 | 1.26 | .01 S | .8 | 34.0 | 8.6 | 12.8 | .15 | 1.0 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 55.75 | 45.00 | 55.00 | 9.13 | 19.89 | 55.75 | 40.25 | .60 | 3.70 | 12.80 | 39.60 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 12.2 | 2.10 | 3.8 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.00 | 11.13 | 13.00 | -.25 | -1.89 | 18.50 | 10.50 | -.23 | 3.01 | -.86 | 12.54 | .72 | .46 S | 115.0 | 1.0 | 3.6 | 15.1 | .12 | .9 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.38 | 2.88 | 3.00 | -.13 | -4.00 | 7.38 | 2.88 | -.57 | .61 | -1.01 | 8.98 | -1.30 | -2.34 Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 16.25 | 14.75 | 15.25 | -1.00 | -6.15 | 26.81 | 14.75 | -.24 | -.26 | 3.48 | -29.47 | .89 | .14 N | 16.8 | 21.0 | 7.5 | 15.7 | .26 | 1.7 | 05-07-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.50 | 5.00 | 5.13 | .13 | 2.50 | 8.88 | 4.38 | .14 | -.41 | 1.51 | -22.10 | .17 | -.01 Q | NC | -14.0 | .7 | NE | .10 | 2.0 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calibre Cp | CLBR | 4.25 | 3.75 | 4.25 | .25 | 6.25 | 13.00 | 3.25 | -.94 | 1.05 | -.77 | -26.52 | .07 | -.20 S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 | 0783 |
| Calny Food | CLNY | 9.25 | 8.75 | 9.00 | .00 | .00 | 10.75 | 7.25 | .65 | .68 | -1.08 | -15.05 | .52 | .07 F | 15.5 | 3.0 | 4.8 | 17.3 | .16 | 1.8 | 04-25-84 | 43.6 | 2.1 | .4 | 2.48 | 1.49 | 0283 |
| Capt Crab Inc | CRAB | 2.75 | 2.25 | 2.25 | -.38 | -14.29 | 8.38 | 2.25 | -1.39 | -3.77 | -4.33 | 10.56 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.25 | 8.88 | 8.88 | .00 | .00 | 11.88 | 7.13 | .24 | -.27 | .82 | -7.80 | .50 | .26 Q | 83.8 | 99.0 | 3.7 | 15.6 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.88 | 15.63 | 16.13 | -1.88 | -10.42 | 29.00 | 13.25 | .23 | -2.55 | .78 | 25.41 | .39 | .26 S | 96.2 | 67.0 | 9.4 | 30.4 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 14.00 | 13.50 | 14.00 | 1.00 | 7.69 | 18.38 | 12.75 | .04 | .88 | 2.68 | 8.39 | .29 | .17 N | NC | 2.0 | 6.4 | 82.4 | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 | 0683 |
| Ch Full O Nut | CHF | 11.25 | 9.75 | 10.00 | -1.00 | -9.09 | 21.00 | 9.75 | -.17 | -1.65 | -4.83 | 25.00 | .62 | -.18 N | -32.7 | -6.0 | 2.9 | 27.0 | .48 | 4.8 | 06-29-84 | 111.6 | 3.2 | 2.9 | .33 | 6.50 | 0783 |
| Churchs Fr Ch | CHU | 27.63 | 25.75 | 26.00 | -1.50 | -5.45 | 33.50 | 21.25 | .21 | -.43 | -2.14 | 2.77 | 1.66 | -.53 F | -24.2 | 3.0 | 6.8 | 15.7 | .80 | 3.1 | 07-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 19.13 | 18.25 | 18.38 | -.25 | -1.34 | 21.63 | 14.75 | .15 | -.21 | -3.81 | 12.39 | 1.47 | .30 N | 21.4 | 27.0 | 3.8 | 10.8 | .20 | 1.1 | 06-21-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 16.50 | 15.50 | 16.50 | 1.00 | 6.45 | 17.69 | 11.63 | .30 | 1.78 | 11.00 | 51.47 | .06 | .46 S | NC | 86.0 | 1.3 | 35.9 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 12.50 | 11.50 | 11.75 | -1.13 | -8.74 | 18.75 | 10.75 | .03 | -.13 | 2.37 | -1.63 | .26 | .14 N | 70.0 | 39.0 | 2.5 | 34.6 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.50 | 19.75 | 19.75 | -.50 | -2.47 | 25.75 | 15.75 | .14 | .15 | .06 | -30.77 | .86 | .06 N | 6.8 | 24.0 | 4.4 | 21.2 | .14 | .7 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 40.38 | 39.13 | 40.13 | .63 | 1.58 | 41.38 | 29.00 | .13 | .61 | -.35 | -34.87 | 2.54 | .26 N | 10.3 | 12.0 | 3.8 | 14.4 | .72 | 1.8 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 52.00 | 45.25 | 52.00 | 4.63 | 9.76 | 68.50 | 45.25 | -1.09 | 2.67 | -5.58 | 26.26 | 2.70 | -1.00 S | -31.1 | -6.0 | 7.1 | 23.5 | 1.20 | 2.3 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 13.38 | 11.38 | 11.38 | -2.50 | -18.02 | 22.38 | 11.38 | -.82 | -2.65 | 1.46 | -11.69 | .99 | .03 Q | 3.1 | 70.0 | 6.8 | 11.5 | .17 | 1.5 | 06-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 21.75 | 20.38 | 21.63 | 1.25 | 6.14 | 26.50 | 18.13 | .36 | .57 | 1.83 | 18.07 | 1.62 | .23 S | 15.1 | 24.0 | 10.2 | 12.4 | .32 | 1.5 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 10.25 | 9.75 | 10.25 | .13 | 1.23 | 13.13 | 9.00 | -.09 | 1.47 | -4.21 | -13.75 | NA | NA | | NA | NA | NA | NA | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.06 | 1.06 | 1.06 | .00 | .00 | 4.25 | 1.06 | -.77 | .87 | .25 | 7.11 | .06 | .01 F | 20.0 | 59.0 | 4.9 | 17.7 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 | 1283 |
| Flakey Jakes | FJAK | 8.38 | 7.50 | 7.63 | -.88 | -10.29 | 9.13 | 4.00 | .07 | -.80 | -2.19 | -26.70 | -.15 | -.15 Q | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 | 1283 |
| Frisch's | FRS | 29.38 | 27.00 | 29.38 | 2.13 | 7.80 | 32.94 | 20.81 | .42 | 1.38 | 6.77 | -16.67 | 1.85 | .75 N | 51.3 | 22.0 | 3.7 | 13.3 | .40 | 1.4 | 06-27-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Fuddruckers Inc | FUDD | 11.50 | 11.50 | 11.50 | .00 | .00 | 17.50 | 11.13 | -.24 | .51 | -.53 | -20.58 | .06 | .02 Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 | 1283 |
| Garcias Scot | GMEX | 5.13 | 4.63 | 4.88 | -.63 | -11.36 | 13.25 | 4.00 | -.31 | .45 | -1.14 | 24.97 | -.48 | -.28 F | NE | 7.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 53.00 | 50.75 | 52.50 | -.25 | -.47 | 57.00 | 41.63 | .10 | .44 | -.21 | -5.03 | 4.89 | .77 N | 17.3 | 17.0 | 4.4 | 10.1 | 2.24 | 4.3 | 07-03-84 | 5550.8 | 245.1 | 1.2 | 9.71 | 25.68 | 0583 |
| Good Taco | TACO | 3.25 | 2.25 | 3.25 | .88 | 36.84 | 7.38 | 1.50 | -.75 | 6.62 | 2.00 | 18.82 | -.72 | -.51 F | NE | -81.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 | 0284 |
| Hambrg Hamlet | HAMB | 11.25 | 11.00 | 11.25 | .25 | 2.27 | 12.00 | 9.50 | .36 | .96 | -9.85 | .00 | 1.54 | 2.64 F | NE | -14.0 | 3.1 | 7.3 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 50.25 | 47.00 | 48.00 | -2.00 | -4.00 | 59.50 | 47.00 | -.07 | -.43 | .21 | .21 | 4.20 | 1.08 F | 34.6 | 6.0 | 16.8 | 11.4 | 1.80 | 3.8 | 05-25-84 | 669.6 | 112.6 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 43.25 | 37.38 | 38.00 | -5.00 | -11.63 | 57.25 | 37.38 | -.26 | -.43 | 6.52 | -7.39 | 3.28 | .78 Q | 30.0 | 13.0 | 7.8 | 11.2 | .90 | 2.4 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 17.00 | 14.88 | 15.50 | -.88 | -5.34 | 28.31 | 14.38 | .02 | -.06 | -3.20 | -9.94 | 1.15 | .37 Q | 46.8 | 71.0 | 4.0 | 13.4 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 5.50 | 4.75 | 4.88 | -.63 | -11.36 | 10.75 | 4.75 | -.72 | -1.07 | .98 | -1.77 | .00 | -.81 S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 40.00 | 39.00 | 40.00 | 1.00 | 2.56 | 40.00 | 29.50 | .06 | 1.15 | -.25 | -81.48 | 2.94 | .81 Q | 35.3 | 57.0 | 6.2 | 12.9 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 16.13 | 15.00 | 15.50 | .00 | .00 | 23.00 | 12.50 | .08 | -.77 | .09 | -44.15 | .92 | .70 N | 100.0 | 60.0 | 4.8 | 11.1 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 12.38 | 12.00 | 12.25 | -.13 | -1.01 | 17.00 | 10.38 | -.07 | .38 | -2.00 | -10.46 | 1.00 | .05 S | 5.0 | 20.0 | 4.1 | 11.8 | .20 | 1.6 | 05-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 14.38 | 13.50 | 14.25 | .00 | .00 | 20.63 | 11.88 | -.38 | .35 | -1.48 | -.74 | 1.33 | -.08 N | -6.0 | 16.0 | 4.6 | 11.4 | .12 | .8 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.88 | 3.00 | 3.38 | .00 | .00 | 9.38 | 2.88 | .05 | 4.39 | 5.83 | -6.57 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 5.00 | 4.75 | 4.88 | .13 | 2.63 | 18.63 | 4.25 | -.05 | .19 | -2.75 | 7.15 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 48.8 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 25.00 | 24.00 | 25.00 | .50 | 2.04 | 43.75 | 18.75 | .08 | .89 | -7.84 | -19.13 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 16.3 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.38 | 32.75 | 34.38 | .00 | .00 | 39.75 | 31.25 | .14 | 1.11 | 2.63 | 21.29 | 1.53 | .31 N | 20.9 | 27.0 | 9.8 | 19.2 | .60 | 1.7 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.63 | 12.25 | 12.25 | -.25 | -2.00 | 14.88 | 11.38 | .04 | .30 | -2.42 | -29.49 | 1.28 | .13 N | 10.6 | 6.0 | 6.1 | 9.1 | .28 | 2.3 | 07-10-84 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 70.00 | 66.75 | 66.75 | -1.38 | -2.02 | 79.25 | 58.50 | .33 | -.26 | .63 | -17.39 | 4.15 | .77 Q | 21.9 | 31.0 | 3.8 | 15.6 | .44 | .7 | 06-18-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 | 1283 |
| Maverick Rest | MAVR | 5.38 | 5.00 | 5.38 | .38 | 7.50 | 7.00 | 4.13 | .22 | 1.48 | 2.60 | 48.31 | .13 | .15 Q | NC | 98.0 | 9.5 | 35.8 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 | 0184 |
| McDonald's Cp | MCD | 70.00 | 67.38 | 69.63 | 1.00 | 1.46 | 74.38 | 55.75 | .27 | .57 | -.55 | -3.17 | 5.74 | .74 F | 14.8 | 24.0 | 11.2 | 12.1 | 1.16 | 1.7 | 05-23-84 | 3062.9 | 342.6 | .0 | .00 | .00 | 1283 |
| Morrison Inc | MORR | 17.50 | 17.00 | 17.13 | -.25 | -1.44 | 20.75 | 13.13 | .96 | .41 | 2.82 | 21.66 | 1.34 | .14 N | 10.9 | 13.0 | 4.5 | 12.1 | .40 | 2.3 | 07-16-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.13 | 2.00 | 2.00 | -.25 | -11.11 | 3.47 | 2.00 | -.74 | -1.35 | .94 | 35.45 | .15 | .34 S | NE | -25.0 | 1.1 | 15.4 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 2.13 | 2.13 | .00 | .00 | 3.63 | 1.66 | .38 | .43 | -2.18 | -31.43 | .20 | .12 F | 150.0 | 25.0 | 2.0 | 10.6 | .00 | .0 | 09-09-83 | 20.0 | .4 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.38 | 8.50 | 8.50 | -.63 | -6.85 | 32.75 | 7.50 | .72 | -.46 | 2.21 | 9.40 | .70 | -1.71 N | -228.0 | -26.0 | 3.6 | NE | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Ogden Corp | OG | 28.38 | 27.75 | 28.00 | .00 | .00 | 34.38 | 24.50 | .22 | .38 | .29 | 11.93 | 2.64 | .60 Q | 30.1 | -8.0 | 3.0 | 10.8 | 1.80 | 6.4 | 06-08-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 7.00 | 6.63 | 6.88 | .00 | .00 | 8.88 | 5.88 | .39 | .92 | -.34 | -11.25 | .43 | .15 S | 44.1 | 65.0 | 4.8 | 14.0 | .10 | 1.5 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 1.88 | 1.50 | 1.50 | -.50 | -25.00 | 14.25 | 1.25 | -1.13 | -5.20 | -.88 | 31.37 | .28 | -.32 N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 42.38 | 40.75 | 41.75 | .00 | .00 | 43.50 | 32.63 | .02 | .00 | -2.36 | 6.40 | 3.01 | .17 Q | 5.7 | 3.0 | 4.0 | 13.4 | 1.68 | 4.0 | 06-04-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 | 1283 |
| Piccadilly Caf | PICC | 22.25 | 21.50 | 22.25 | .50 | 2.30 | 22.25 | 12.75 | .54 | .60 | -.30 | -9.17 | .99 | .05 N | 4.6 | 5.0 | 3.9 | 19.7 | .60 | 2.7 | 06-04-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 37.50 | 34.50 | 35.88 | -1.38 | -3.69 | 41.50 | 27.75 | -.31 | -.36 | -.55 | 22.98 | 3.29 | .96 N | 32.6 | 13.0 | 3.9 | 9.2 | 1.40 | 3.9 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 11.75 | 10.50 | 10.63 | -.75 | -6.59 | 17.50 | 8.38 | .89 | -.12 | 4.44 | -26.32 | 1.14 | .38 Q | 53.5 | 30.0 | 2.5 | 9.7 | .08 | .8 | 04-16-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 14.50 | 14.00 | 14.38 | -.13 | -.86 | 16.75 | 12.63 | .04 | .43 | -5.32 | 9.09 | .37 | .41 Q | NC | 4.0 | 1.9 | 35.1 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 19.88 | 19.00 | 19.25 | -.25 | -1.28 | 24.88 | 16.00 | -.16 | .05 | -4.79 | -16.64 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 16.3 | .40 | 2.1 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 7.50 | 6.50 | 6.63 | -.88 | -11.67 | 11.88 | 6.50 | -.08 | -.18 | 4.01 | -39.55 | .13 | 1.48 Q | NE | -18.0 | .7 | 11.8 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 16.00 | 15.00 | 15.25 | -.75 | -4.69 | 22.75 | 12.50 | .16 | .22 | -2.84 | 11.05 | .57 | .63 Q | NC | 57.0 | 3.8 | 24.2 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Rest Assoc | RA | 8.38 | 7.88 | 8.13 | -.38 | -4.41 | 9.75 | 6.50 | .57 | .88 | 5.95 | 3.57 | .88 | .17 Q | 25.0 | 23.0 | 1.9 | 9.6 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Rest Systems | RSYS | 13.00 | 11.00 | 12.00 | 1.75 | 17.07 | 13.50 | 9.00 | 1.27 | .89 | 5.21 | 17.45 | .72 | .75 Q | NC | 19.0 | 4.7 | 16.0 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 7.00 | 4.50 | 4.50 | -2.00 | -30.77 | 18.25 | 4.50 | -.62 | -2.31 | 5.86 | 13.06 | -.17 | .17 Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 20.50 | 19.75 | 20.00 | .50 | 2.56 | 28.25 | 15.50 | .69 | .33 | 6.65 | 34.62 | .52 | .23 Q | 65.7 | 60.0 | 10.8 | 34.5 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 30.25 | 28.38 | 28.63 | -.88 | -2.97 | 40.25 | 24.63 | .22 | -.62 | -5.11 | -40.68 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 12.6 | .44 | 1.5 | 05-14-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 7.50 | 7.50 | 7.50 | .00 | .00 | 14.25 | 7.25 | -.03 | .49 | -1.82 | 2.17 | .70 | -.17 N | -22.6 | 15.0 | 4.5 | 12.9 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 10.13 | 8.88 | 9.00 | -1.00 | -10.00 | 15.00 | 7.50 | -.33 | -.41 | -4.85 | -14.26 | .23 | .42 Q | 221.0 | 10.0 | 1.2 | 14.8 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 21.50 | 17.50 | 21.50 | 3.50 | 19.44 | 21.50 | 13.50 | .72 | 4.59 | 7.35 | 36.43 | 1.19 | .99 Q | 180.0 | 21.0 | 2.5 | 14.0 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 | 1283 |
| Shoney's Inc | SHON | 27.13 | 26.00 | 27.13 | 1.00 | 3.83 | 27.13 | 20.00 | .52 | .66 | 4.40 | -25.23 | 1.17 | .28 S | 27.4 | 34.0 | 6.0 | 20.9 | .16 | .6 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 17.00 | 16.38 | 16.50 | .00 | .00 | 20.50 | 13.75 | .65 | -.11 | -1.56 | -16.53 | 1.24 | .45 Q | 52.3 | 33.0 | 3.5 | 12.6 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 6.75 | 6.00 | 6.00 | -.75 | -11.11 | 11.50 | 6.00 | -.16 | .46 | -1.37 | .00 | .14 | .13 F | 300.0 | 65.0 | 4.4 | 42.9 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 12.75 | 12.00 | 12.25 | -.75 | -5.77 | 15.00 | 8.75 | -.03 | -.32 | -1.66 | -65.79 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 11.8 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.75 | 9.50 | 9.63 | -.63 | -6.10 | 15.50 | 9.00 | -.47 | .67 | -.32 | 14.79 | .81 | .14 Q | 20.8 | 26.0 | 4.0 | 11.9 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.00 | 18.50 | .50 | 2.78 | 22.00 | 16.50 | -.01 | 1.33 | 12.15 | -38.46 | 1.02 | -.94 Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 | 1283 |
| So Hospitality | SHOS | 4.25 | 4.00 | 4.25 | .25 | 6.25 | 6.75 | 3.75 | .45 | .51 | 2.47 | -60.08 | .27 | .05 N | 19.2 | 75.0 | 3.8 | 13.7 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 5.88 | 5.63 | 5.75 | -.13 | -2.13 | 10.00 | 4.88 | .27 | .32 | -4.34 | -9.56 | .29 | .06 S | 25.0 | 71.0 | 2.1 | 19.2 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGI Friday's | TGI | 12.88 | 12.38 | 12.75 | .25 | 2.00 | 17.88 | 10.00 | .13 | .64 | .11 | -6.69 | .65 | .68 Q | NC | 28.0 | 4.5 | 18.8 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 | 1283 |
| TGIF Texas | TEXF | 3.25 | 3.25 | 3.25 | .00 | .00 | 7.50 | 3.25 | -.34 | .38 | 1.15 | 42.86 | .06 | .06 F | NC | 76.0 | .0 | 54.2 | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 | 1283 |
| Transworld | TW | 27.63 | 26.13 | 26.25 | -.88 | -3.23 | 33.53 | 17.81 | .03 | -.61 | -1.67 | 22.20 | 1.30 | .27 F | 26.2 | -9.0 | 3.2 | 20.2 | .10 | .4 | 05-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 | 1283 |
| Vicorp Restaurants | VRES | 17.00 | 16.25 | 16.50 | -1.00 | -5.71 | 22.00 | 12.88 | -.19 | .41 | -4.15 | -20.96 | .85 | .31 Q | 52.5 | 56.0 | 5.1 | 18.3 | .12 | .7 | 03-23-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 | 1083 |
| Victoria Stations | VSTA | 7.25 | 7.00 | 7.13 | -.25 | -3.39 | 11.50 | 5.13 | .82 | .52 | -2.22 | 22.57 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 18.00 | 16.63 | 17.00 | -.13 | -.73 | 18.25 | 10.78 | .47 | -.80 | -1.04 | -6.55 | 1.01 | .19 Q | 21.8 | 21.0 | 7.7 | 16.0 | .24 | 1.4 | 05-01-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Wstn Steer | WSMP | 11.75 | 11.75 | 11.75 | .00 | .00 | 13.75 | 9.00 | .85 | .50 | .54 | -35.48 | 1.02 | .10 F | 10.8 | 4.0 | 3.3 | 11.5 | .16 | 1.4 | 06-05-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 | 0284 |
| Winners Cp | WNER | 10.25 | 9.88 | 10.13 | .00 | .00 | 17.13 | 7.75 | .76 | .49 | -3.36 | -19.06 | .63 | -.06 Q | -9.2 | 12.0 | 3.3 | 17.2 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

FINANCIAL NEWS

# Pizza Hut's largest franchisee to go public with $10 million offer

PITTSBURG, Kan. — National Pizza Co., Pizza Hut's largest franchisee with 94 units, is going public with a 955,000-share offering expected to raise at least $10 million to help develop the Los Angeles market.

National Pizza would become the second major Pizza Hut franchisee to enter the public markets in a year. Tulsa-based A&M Food Service, the second-largest franchisee with 92 units, raised $5.7 million in its initial stock offering last September.

National Pizza said it would use the proceeds of its offering to pay down debt and to expand, particularly in Los Angeles, which Pizza Hut is targeting as a major development priority. Only 58 Pizza Huts are now open in Los Angeles, operated by franchisor PepsiCo and three other franchisees.

Ten of National Pizza's 18 new restaurants in the coming year are earmarked for Los Angeles, marking a shift from the Southeast, where National Pizza largely operates. It has 22 units in Alabama, with the rest spread through Arkansas, Mississippi, Missouri, Louisiana and Tennessee.

After the offering, chairman and chief executive Gene Bicknell's share of the company would drop to 69% from 84%, and president Gordon Elliott's stake would decline to 8.2% from 9.9%. Bicknell, 51 founded the company in 1962 when he bought his first franchised Pizza Hut in Pittsburg, Kan.

National Pizza Co. is going public at a time when the new-issues market has all but evaporated. Elliott asserted, however, that his company's issue would benefit from the lack of competition in the markets.

The company, like the rest of the Pizza Hut chain, has been buoyed in recent years by the rollout of Personal Pan Pizza, which at National Pizza Co. helped to vault average unit sales 21% in the last year to $390,000 annually.

The company posted almost a 50% net profit gain to $4 million on a 21% sales gain to $36.2 million for the year ended March 27, as the number of units increased by three.

National Pizza has long been one of Pizza Hut's most innovative franchisees. While the chain is just now rolling out barbecue pizza, National Pizza has had it in its Memphis stores for 10 years, where it is garnering 5% of sales.

In addition, National Pizza has been providing delivery service for 12 years, particularly in units near colleges.

Pizza Hut is now testing delivery in a handful of markets. But while National Pizza runs it out of their standard units, Pizza Hut is experimenting with specially built delivery-only outlets.

National Pizza Co. was formerly known as Southeast Pizza Huts Inc.

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# Marriott boosts 2nd-qtr. profit 29% to $36 million

WASHINGTON — Buttressed by continued improvement in the general economy, Marriott Corp. posted a net profit of $36.6 million for the second quarter ended June 15, a 29% increase over year-earlier figures.

Systemwide sales for the quarter rose 21% over 1983, from $682.8 million to $824.6 million.

For the first 26 weeks of fiscal 1984, the diversified food service and lodging company showed a net profit of $59.7 million on sales of nearly $1.6 billion, increases of 25% and 19% respectively.

Marriott, which completed the divestiture of its Santa Clara, Calif. Great America theme park during the second quarter and will complete the sale of its remaining theme park in Gurnee, Ill., later this year, showed strong improvement in all three of its primary business divisions—hotels, restaurants and contract food service.

At the company's hotel and resort division, second-quarter operating income increased 20% over year-earlier figures while sales jumped 26%. Approximately 2,000 rooms were added during the quarter while occupancy rates for comparable units climbed 3%.

Marriott's restaurant division, including Roy Rogers, Bob's Big Boys and Host specialty restaurants, posted an 18% gain in operating income for the quarter on a 13% sales improvement.

Expansion of airline catering services played a major role in growth at Marriott's contract food-service division which showed a 15% gain.

## Gadgets net loss reaches $3.57 million

RUTHERFORD, N.J. — Gadgets, the beleaguered restaurant-entertainment chain owned by Warner Communications, suffered a $3.572 million net loss on six restaurants for the first five months ended May 27, corporate financial figures of the Warner Leisure division reveal. Gadgets has since opened in Denver and Westbury, Long Island.

Warner Communications wants to sell the chain, inside corporate sources indicate. Gadgets has been struggling under the twin burdens of huge initial startup investment costs and a fierce competitive situation, going head-to-head with such as T.G.I. Friday's, Houlihan's and Bennigan's.

In addition, the units are scattered without advertising impact in Ocean Township, N.J.; Reading, Pa.; Towson, Md.; Rochester, N.Y.; Niles, Ohio, and Fort Lauderdale, Fla.

But Gadgets' top executives maintain they will make the chain profitable by year-end following a remerchandising and repositioning in which the cartoon and animation emphasis are being curtailed in favor of "a concentration on food and quality."

## Financial Jottings

### Fuddruckers public offer: $7.6M

SAN ANTONIO — Fuddruckers Inc. priced a secondary public offering at $11.75 per share for 650,000 shares, which is 150,000 more shares than initially planned, to raise about $7.6 million for expansion.

### McDonald's swaps stock shares

OAK BROOK, Ill. — McDonald's Corp. swapped 1.4 million new shares of convertible adjustable preferred stock for foreign-denominated debt held by an investment banker. The company said it would get no proceeds, but the maneuver often produces paper profits.

### Po Folks offers 11.5% debentures

NASHVILLE — Po Folks Inc. said it is offering $18.5 million of 11.5% convertible debentures, due in 20 years, and priced at 85.

### Horn & Hardart ups shares

NEW YORK — Horn & Hardart Co., which operates Bojangles chicken and biscuits, said its stockholders agreed to increase the number of authorized Class A preferred shares to five million from 400,000. The company said it wanted more flexibility in financing growth and possible acquisitions.

### Two added to FRB listing

NEW YORK — Two companies said they had been added to the Federal Reserve Board's list of over-the-counter stocks that can be traded on margin. They are Restaurant Systems Inc. of Atlanta, and Winner's Corp. of Nashville. Winner's also said it planned to file an application to gain a listing on the New York Stock Exchange.

### Wyly: 'No private USA Cafes plan'

DALLAS — USA Cafes, franchisor of the 550-unit Bonanza family steakhouse chain, disclosed chairman Sam Wyly has withdrawn his plan to take the company private.

Instead, Wyly agreed to reduce his stake in the company to less than 50% and to let minority holders decide any future going-private plan.

# Le Bistro set to go public with million-share offer

MINNEAPOLIS — Le Bistro Inc., a 12-unit chain of mall restaurants featuring "country French" cooking, has filed a plan to go public by selling up to one million shares priced at $1.50 each.

Neil Berman, the company's 35-year-old president who opened the first Le Bistro in 1976, would remain the biggest shareholder with 20% to 25%.

The company, which franchises nine of its units, showed net profit of $114,790 for the year ended December, compared to a $295,000 net loss in fiscal 1982.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Amer. Fam. Piz. | 3 mos. | 3/31 | $ 2.200 | 50.0 | | | (0.037) | |
| Arthur Treacher | 3 mos. | 4/30 | | | $ 1.540 | | $ 0.136 | |
| Collins Foods | 12 mos. | 4/30 | | | 395.700 | 22.0 | 15.400 | 25.0 |
| El Torito | 3 mos. | 3/31 | 58.500 | 25.0 | | | 1.566 | 114.0 |
| Family Entertainment | 3 mos. | 4/1 | 3.670 | –31.0 | | | (0.111) | |
| G. D. Ritzy's | 3 mos. | 4/1 | | | 3.100 | 147.0 | (0.647) | |
| Gadgets | 5 mos. | 5/27 | | | | | (3.572) | |
| Hamburger Hamlet | 12 mos. | 3/25 | 95.000 | 9.0 | 35.500 | 4.5 | 1.100 | 47.0 |
| Luby's | 3 mos.<br>9 mos. | 5/31<br>5/31 | | | 47.285<br>126.212 | 12.6<br>20.5 | 5.145<br>12.410 | 36.0<br>24.0 |
| Mr. Steak | 3 mos. | 4/2 | | | 17.500 | 19.3 | (0.016) | |
| Nankin Express | 3 mos. | 4/30 | 0.165 | | | | (0.123) | |
| Rest. Syst. | 3 mos. | 4/21 | | | 10.491 | 12.6 | 0.481 | 51.0 |
| Rax Restaurants | 3 mos.<br>9 mos. | 4/28<br>4/28 | | | 21.800<br>65.900 | 32.0<br>31.0 | 0.546<br>2.600 | 74.0<br>90.0 |
| Shoney's South | 3 mos. | 4/15 | | | 46.900 | 16.8 | 1.900 | 69.8 |
| Skippers | 3 mos. | 6/10 | 16.838 | 7.0 | 14.415 | 23.0 | 0.584 | 6.0 |
| This Can't Be Yogurt | 3 mos.<br>6 mos. | 5/31<br>5/31 | | | 1.888<br>2.738 | 211.0<br>202.0 | 0.312<br>0.349 | 314.0 |
| Western Steer | 3 mos. | 5/18 | | | 9.546 | 22.0 | 0.329 | 46.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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**by Bill Magnus**
**Product Manager**

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Kettles can roast, braise, stew, simmer, hold or steam. That means you can use a kettle to cook corned beef and cabbage, roasted meats, scrambled eggs. Even corn bread!

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# Breakfast becomes a strategic meal

## BREAKFAST AS A PER CENT OF OVERALL SALES

(April 1983 thru March 1984)

| Region | Hamburger Chains | Coffee Shop Chains | All Chains |
|---|---|---|---|
| Northeast | 15% | 31% | 20% |
| North Central | 15 | 32 | 21 |
| South | 21 | 35 | 26 |
| West | 14 | 33 | 20 |

## BREAKFAST AVERAGE CHECK

(April 1983 thru March 1984)

| Region | Hamburger Chains | Coffee Shop Chains | All Chains |
|---|---|---|---|
| Northeast | $1.98 | $3.12 | $2.36 |
| North Central | 1.82 | 3.09 | 2.24 |
| South | 2.04 | 3.33 | 2.47 |
| West | 2.20 | 2.97 | 2.45 |

*Source:* Restaurant Trends

## BREAKFAST AS A PER CENT OF OVERALL SALES

Hamburger Chains

| 1983 | Burger King | Hardee's | Jack in the Box | McDonald's | Segment Average |
|---|---|---|---|---|---|
| 1st Quarter | — | — | — | — | — |
| 2nd | 9% | 28% | 16% | 18% | 18% |
| 3rd | 9 | 28 | 20 | 17 | 19 |
| 4th | 10 | 25 | 22 | 18 | 19 |
| TOTAL 1983 | 9% | 27% | 20% | 17% | 18% |
| 1984 1st Quarter | 8% | 26% | 17% | 18% | 17% |

Coffee Shop Chains

| 1983 | Big Boy | Howard Johnson | Segment Average |
|---|---|---|---|
| 1st Quarter | — | — | — |
| 2nd | 30% | 32% | 31% |
| 3rd | 30 | 37 | 34 |
| 4th | 31 | 37 | 34 |
| TOTAL 1983 | 30% | 36% | 33% |
| 1984 1st Quarter | 29% | 33% | 31% |

Source: Restaurant Trends

## BREAKFAST AVERAGE CHECK

Hamburger Chains

| 1983 | Burger King | Hardee's | Jack in the Box | McDonald's | Segment Average |
|---|---|---|---|---|---|
| 1st Quarter | — | — | — | — | — |
| 2nd | $1.78 | $1.66 | $2.10 | $2.23 | $1.94 |
| 3rd | 1.69 | 1.75 | 2.46 | 2.15 | 2.01 |
| 4th | 1.90 | 1.88 | 2.38 | 2.20 | 2.09 |
| TOTAL 1983 | $1.80 | $1.77 | $2.34 | $2.19 | $2.03 |
| 1984 1st Quarter | $1.79 | $1.82 | $2.65 | $2.26 | $2.13 |

Coffee Shop Chains

| 1983 | Big Boy | Howard Johnson | Segment Average |
|---|---|---|---|
| 1st Quarter | — | — | — |
| 2nd | $3.09 | $3.08 | $3.09 |
| 3rd | 3.11 | 3.10 | 3.11 |
| 4th | 3.20 | 3.06 | 3.13 |
| TOTAL 1983 | $3.15 | $3.08 | $3.12 |
| 1984 1st Quarter | $3.41 | $3.40 | $3.41 |

Source: Restaurant Trends

**By Charles Forman**
*Executive Editor*

Breakfast trend statistics read like a soap opera announcer signing off. They leave you hanging, grasping at questions.

- Will Burger King's croissant breakfast generate enough sales for BK to catch McDonald's in average unit volumes?
- Will Hardee's go on a non-breakfast new product spree now that their grizzled breakfast program no longer is driving incremental sales gains?
- Or can they garner even more morning business, possibly with a product like the Maple McCrisp in test at McDonald's?
- What about Jack in the Box? Is squeezing out the last penny with high check averages really a viable strategy at breakfast?
- Meanwhile, what about the coffee shops? With price pressure really on from fast-food competitors, can they sustain prices high enough to squeeze out the margins they need?

You've got the idea. The questions raised are key, however. They suggest what's going on, and perhaps what's in the works at some major chains.

For instance, Burger King execs have made no secret of it that they're chasing McDonald's tail in unit sales. They see the key to catch-up in their breakfast program. (Not to speak of additional royalties headquarters officials see marching to the bank.)

And their plan is not unsuccessful. Statistics gathered by Restaurant Trends, Middletown, N.J., validate their thinking. Breakfast is definitely fueling incremental store sales.

At the same time, one can read into the numbers accompanying this piece the reasons BK is unlikely to ever let breakfast strategy overshadow an overall comparative marketing approach.

BK units aren't equipped to make the products that would allow them to match McDonald's average checks. So, even optimum sales won't give BK the same per-unit totals from the morning period.

As executives in Miami clearly recognize, eliminating the McDonald's advantage means getting a wide margin over McD in lunch and dinner sales.

Other interesting pieces of fast-food strategy can be read into the breakfast numbers. At Hardee's, breakfast continues to be a high contributor to store sales. Average check is creeping up and strong biscuit sales in the South make excellent margin contributions.

But Hardee's rolled out its biscuit breakfast sandwiches in 1978. It's unlikely folks in Rocky Mount are any longer looking at their breakfast program as the fuel for strong incremental store sales gains.

Does that point to a shotgun blast of new products? The burger chain will probably have to do something to keep the accountants at parent corporation Imasco Ltd. happy. The likely approach, however, is one Hardee's executives, with maidenly reticence, avoid confirming: That they're readying a drive outside their southern base.

Nonetheless, with their Burger Chef acquisition pretty thoroughly digested, it must appear to Hardee's leaders that they've more to gain from crashing the geographic barriers that have confined them than from any other strategy.

You could speculate that even blips in the breakfast numbers have some significance. In the third quarter of 1983, McDonald's breakfast sales dipped mildly, then reverted the next two periods to their steady track.

At Restaurant Trends they're saying the brief decline may have encouraged the company to back development and testing of Maple McCrisps and other breakfast products by a Florida franchisee.

The coffee shop numbers are not least interesting of the breakfast trends reported. A good part of their significance, however, may be in how they show the relationship between what's happening in the coffee shop segment and what's happening in fast food.

Last year, while the hamburger chains average per-person breakfast check crept up, checks at the coffee shops remained much more static.

This can certainly be attributed to the almost heroic effort the coffee shops were making to hang on to their critically important breakfast business.

The leveled guns were and still are being pointed not only by the hamburger people, but also by the breakfast programs at growing chains in the fast-food chicken area like Horn & Hardart's Bojangles, Wendy's Sisters chain and Mrs. Winners.

The coffee shops ran continuing specials, saturated the local media with 75¢ kids' specials and may otherwise have given away the shop. Their cost structures are still higher than those at the fast feeders.

In the first quarter of this year, coffee shop breakfast prices appear to have surged, as the group as a whole apparently decided to recapture margins.

You would think the coffee shops are on pretty tricky ground as they try to fend off the breakfast assaults of leading fast feeders. How well they will be able to keep their footing—and their business, we will all find out in the next episode of the breakfast soap opera.

*For further information on Restaurant Trends research, write or phone Carl De Biase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748, 201-671-4444.*

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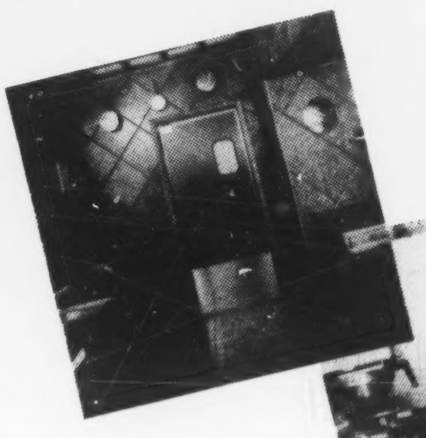

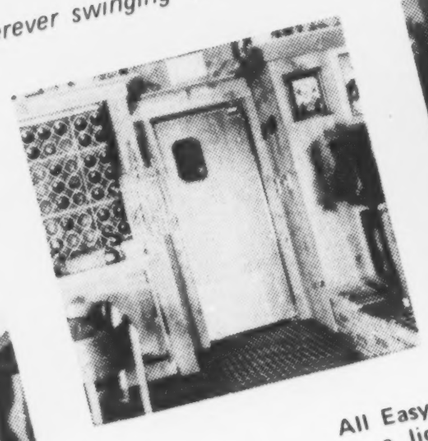

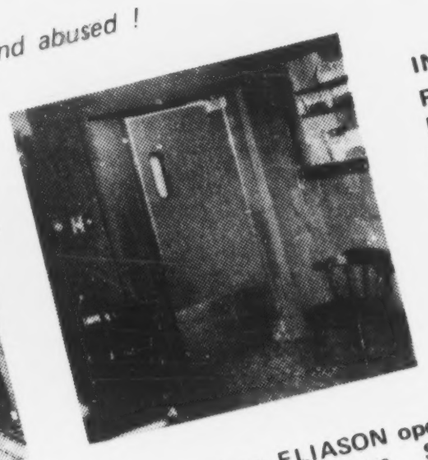

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Nation's
# Restaurant News®

*The Newspaper of the Food Service Industry*

Vol. 18, No. 17 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | August 13, 1984

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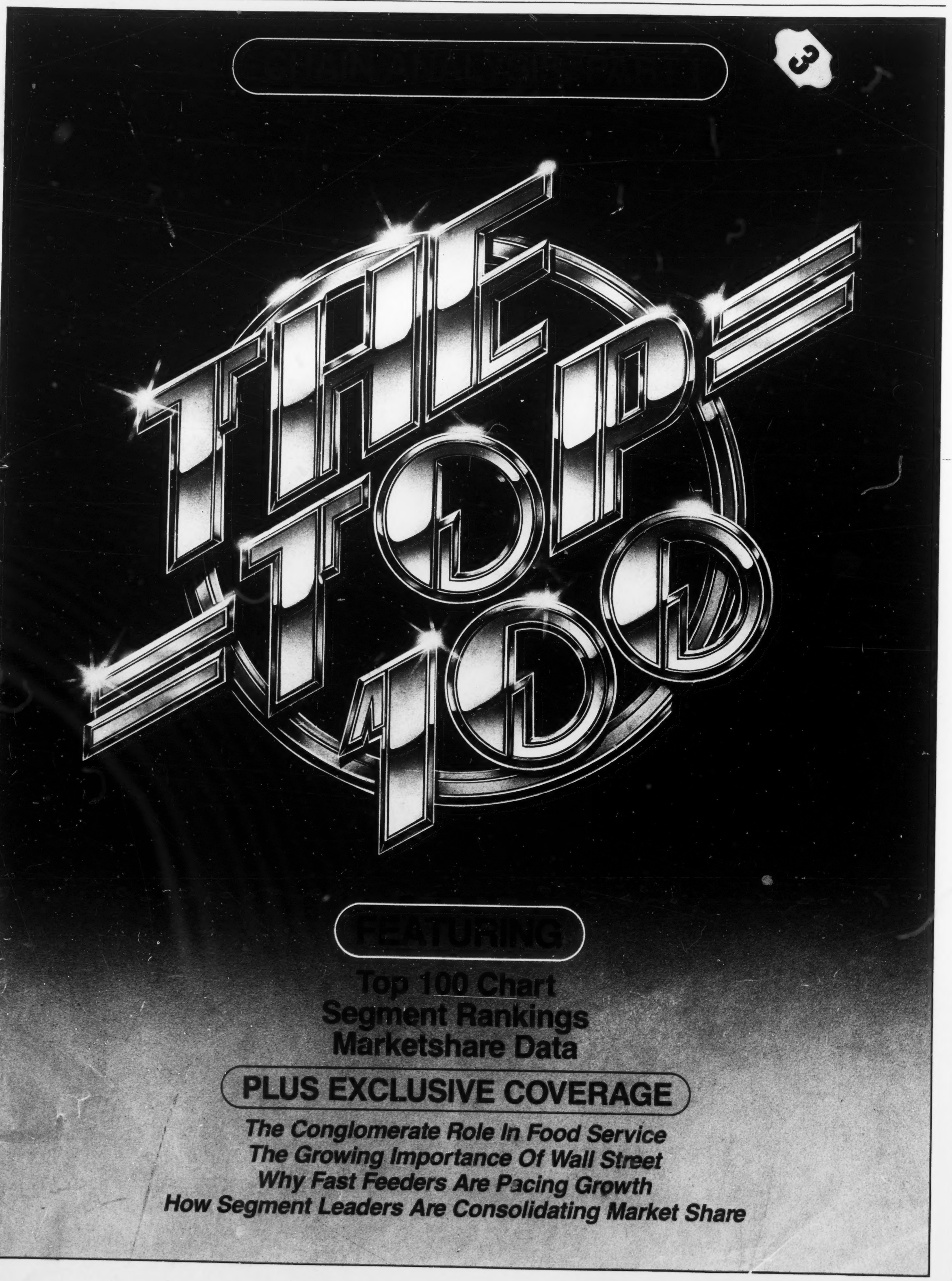


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CHAIN ANALYSIS/PART 1: THE TOP 100

***The big get bigger—Pp. 71-146***


# Nation's Restaurant News®

*The Newspaper of the Food Service Industry*

Vol. 18, No. 17 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | August 13, 1984

**An army of food-service specialists battled a logistics nightmare to feed thousands of athletes from 140 countries.**

## *Medal-winning effort at Olympics by ARA*

**By Richard Martin**

LOS ANGELES — The City of Angels dished up an Olympian array of flavors this month as the diverse appetites of 140 nations roused legions of culinarians here into an unparalleled food-service performance.

While thousands of the world's foremost athletes vied for Olympic gold, an army of food-service specialists battled a potential nightmare of logistics to feed them.

Meanwhile, tens of thousands of southern California restaurants competed for the patronage of more than half a million international Olympics visitors, while many caterers orchestrated lavish parties for the Games' corporate sponsors.

Despite rigorous security measures which virtually sealed off the athletes' residential villages to most observers, first-hand appraisals of the complex feeding operations were positive in nearly all respects.

Athletes almost unanimously praised the quality and variety of the meals turned out with apparent ease by ARA Services' 3,000-people culinary staff.

But behind the scenes, work was often nearly frantic as the far-flung ARA team labored round the clock to restock scores of kitchens and prepare what would total more than a million meals in all, including some 20,000 box lunches a day to be waiting at dozens of remote competition sites in a 2,200-sq.-mi. area.

*(Continued on page 218)*

*Mesquite mania*

## Nation's 'hottest' food trend: Could it be too hot to handle?

**By Paul Frumkin**

NEW YORK — When Shelly Fireman recently added a mesquite grill to his Upper East Side restaurant, Fiorella's, he was just trying to keep up with the wildly popular trend that was sweeping New York.

But now, just two months later, the grill is gone—yanked out of the kitchen altogether. "It just wasn't worth the effort," Fireman says. "Besides, there were problems we hadn't bargained for."

The problems, he says, came in the form of complaints from neighbors and staff alike. Neighbors were complaining about the strong, smokey odors pouring from Fiorella's ventilation system. Staff members were complaining about the smoke and intense heat they were having to contend with in the kitchen.

Moreover, Fireman began to be concerned about the health implications of grilling with mesquite. "There were already questions about the carcinogenic effects of grilling with charcoal which scared the hell out of me," he says. "So I just made up my mind to pull the grill out completely."

While few operators who have added mesquite grills to their cooking batteries have gone to the dramatic lengths taken by Fireman, many are discovering the same knotty problems raised by "America's hottest new cooking trend."

Attracted by mesquite's excellent track record in California restaurants such as Michael's and Chez Panisse, restaurateurs across the coun-

*(Continued on page 218)*

## *S.F. operators post loss in Democratic Convention*

**NRN Special Report**

SAN FRANCISCO — Dallas restaurateurs, caterers and concessionaires might learn a few last-minute lessons from their counterparts here in San Francisco, as Big D prepares to host the Republican National Convention next week.

Most important of these lessons might be not to expect too much profit from the visiting politicians. Instead, the Dallas food-service industry might pray that media coverage shows its town off to potential future visitors even half as well as San Francisco was showcased last month during the Democratic confab.

For the many Bay Area restaurateurs that hoped for a short-term windfall, the Democrats turned out to be a major disappointment. Free meals and drinks, consumed in a seemingly endless round of parties, distracted many of the visiting delegates and journalists from patronizing local establishments.

**Pioneer's breakdancing mascot grabbed national media attention at the Fisherman's Wharf party.**

Moreover, fears of traffic gridlock (which never materialized) throughout the city kept many regular restaurant customers off the streets of San Francisco.

Joe Orsini, co-owner of Ristorante Orsi, on Bush Street, complained in the aftermath about the three extra waiters he'd hired for the Dems who never came. On top of the unneeded help, Orsini bemoaned the widespread notion of overcrowding which crimmed his business to less than half its normal level.

A staffer at Shroeder's Cafe

*(Continued on page 217)*

## Top 100 chains post 12% rise in '84 sales

**By Joe Edwards**

NEW YORK — The Top 100 Chains ranked by *Nation's Restaurant News* in Chain Analysis-Part 1 are posting a healthy 12.2% rise in systemwide sales to $62.2 billion for the current fiscal year.

Sales of The Top 100 Chains represent a colossal 38.87% share of projected 1984 total food-service industry sales of $160 billion.

Charts listing the Top 100 Chains ranked by sales and The Top 100 Companies ranked by food-service revenue, plus other stories and individual chain charts, are featured in the special Chain Analysis section starting on page 71.

Other new highlights of the annual section:

- 35 of The Top 100 Chains are fast feeders: 9 burger chains, 9 pizza chains, 5 chicken chains, 1 taco chain, 3 ice cream chains, 3 roast beef chains, 3 doughnut chains and 2 fish chains.
- There are 16 contract feeders, 12 dinnerhouse chains, 11 family-restaurant chains, 9 hotels, 8 steakhouse chains, 6 cafeteria chains, 1 convenience-store chain, 1 in-store feeder and 1 theme park operator on the list.
- This year's projected 12.2% sales growth is slightly lower than the 13.9% increase posted by The Top 100 in 1983 over 1982 figures.
- McDonald's leads The Top 100 Chains in projected 1984 sales ($9.5 billion); number of units (8,278); share of the Top 100 (15.27%), and share of the total industry (5.94%).
- Its closest competitor on The Top 100 Chains is Burger King with projected sales of $4.1 billion, projected number of units of 4,200, a 6.59% share of Top 100 sales and a 2.56% share of total industry sales.
- The Top 100 Chains will have 96,178 units by year's end, up 7.3% over 1983.
- The 10 leading chains account for about 18% of total food-service industry sales and a whopping 46% of The Top 100 sales.
- Seven of the 10 leading chains are fast feeders, 1 is a contract

*(Continued on page 218)*

### *THE TOP 10 CHAINS BY SYSTEMWIDE SALES*

**(Complete Top 100 List Pages 78 and 79)**

| 1984 Rank | 1983 Rank | Chain | Current Fiscal Year Projected Sales* (In Billions) | Projected Share: % of Top 100 | Projected Share: % of Total Industry** |
|---|---|---|---|---|---|
| 1 | 1 | McDonald's | $ 9.50 | 15.27% | 5.94% |
| 2 | 2 | Burger King | 4.10 | 6.59 | 2.56 |
| 3 | 3 | Kentucky Fried Chicken | 2.80 | 4.50 | 1.75 |
| 4 | 4 | Wendy's | 2.49 | 4.01 | 1.56 |
| 5 | 6 | Hardee's | 1.90 | 3.05 | 1.19 |
| 6 | 5 | Pizza Hut | 1.87 | 3.01 | 1.17 |
| 7 | 7 | ARA Services | 1.64 | 2.64 | 1.03 |
| 8 | 10 | 7-Eleven | 1.51 | 2.43 | 0.94 |
| 9 | 9 | Dairy Queen | 1.43 | 2.30 | 0.89 |
| 10 | 11 | Denny's | 1.33 | 2.15 | 0.83 |
| Top 10 Totals: | | | 28.57 | 49.95 | 17.86 |

Source: *NRN* Research

*Food-service sales only.
**Based on projected sales of $160 billion for food-service industry.

## *LATE NEWSBREAKS*

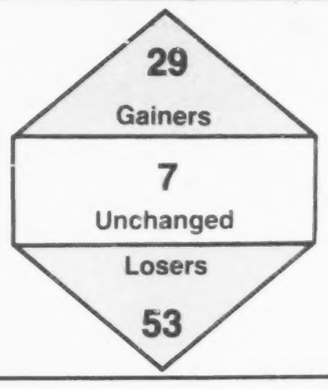
**Richard J. Goeglein, 49, who completely turned around Holiday Inns' Harrah's casinos subsidiary as president there the last four years, has been named to the additional post of president and chief operating officer of Holiday Inns Inc. Michael Rose, 42, remains chairman and ceo.**

**Financier Saul Steinberg is negotiating to buy Days Inns of America, operator of 322 budget motels, from Marion U. Day Smith, widow of founder Cecil B. Day. Days Inns also operates the Daybreak and Tasty World restaurant concepts.**

**McDonald's has decided not to reopen its unit in San Ysidro, Calif., where 21 people were killed last month by a gunman on a shooting rampage. The decision came following community demands that the unit be closed.**

**Margins pressured by the cost of its pan pizza rollout at Godfather's, Diversifoods has reported a 2% gain in profit over last year to $9.7 million for the second quarter ended June 30 on a 20% jump in revenue to $146.2 million.**

# FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE




## Volume leaders

| Company Name | The Week's Volume |
|---|---|
| Chi – Chi's | 25,359 |
| PepsiCo Inc | 17,656 |
| Divfood | 16,567 |
| McDonald's Cp | 13,873 |
| Disney, Walt | 12,459 |

## Top five gainers

| Company Name | The Week's Volume | Latest Closing Prices | %Price Change Last Two Weeks |
|---|---|---|---|
| Chilis Inc | 2,083 | 17.75 | + 26.8 |
| Bob Evans Farms | 643 | 17.00 | + 11.5 |
| Ponderosa Sys | 1,372 | 21.00 | + 9.1 |
| Saga Corp | 1,208 | 30.88 | + 7.9 |
| Holiday Inns | 4,357 | 40.63 | + 6.9 |

## Top five losers

| Company Name | The Week's Volume | Latest Closing Prices | %Price Change Last Two Weeks |
|---|---|---|---|
| TGIF Texas | 28 | 2.25 | – 30.8 |
| Consul Corp | 2,724 | 8.38 | – 28.7 |
| Capt Crab Inc | 2,256 | 1.63 | – 27.8 |
| Horn & Hardart | 4,499 | 12.38 | – 20.2 |
| Good Taco | 210 | 2.63 | – 19.2 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended July 27 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change | | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Monthly Change Amt | Monthly Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 4.88 | 4.00 | 4.75 | -.13 | -2.56 | 8.75 | 4.00 | -1.47 | 3.70 | 9.67 | -70.61 | .40 | .39 | S | NC | 6.0 | 4.3 | 12.2 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.50 | 4.13 | 4.13 | -.38 | -8.33 | 7.00 | 3.88 | -.46 | -1.91 | .16 | -36.73 | -2.05 | -1.90 | S | -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 16.13 | 15.00 | 15.25 | .25 | 1.67 | 18.75 | 12.69 | .39 | -.42 | -1.65 | -1:65 | 1.67 | .18 | Q | 12.0 | 39.0 | 2.1 | 9.1 | .40 | 2.6 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 15.13 | 13.75 | 14.50 | -.13 | -.85 | 18.00 | 12.50 | .32 | -1.07 | -.09 | -27.07 | 1.26 | .01 | S | .8 | 34.0 | 8.6 | 12.7 | .15 | 1.0 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 54.75 | 50.88 | 52.25 | -2.75 | -5.00 | 55.75 | 40.25 | .88 | -.30 | 6.61 | 10.49 | 4.37 | 1.21 | Q | 36.7 | -3.0 | 1.7 | 11.6 | 2.10 | 4.0 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 12.88 | 11.63 | 12.13 | -.88 | -6.73 | 17.50 | 10.50 | -.17 | -1.42 | -1.20 | -3.09 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 14.1 | .12 | 1.0 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.13 | 2.63 | 2.63 | -.38 | -12.50 | 7.13 | 2.63 | -.77 | -2.85 | 3.13 | -10.51 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 17.25 | 15.25 | 17.00 | 1.75 | 11.48 | 26.19 | 14.75 | .17 | -.86 | .00 | -32.57 | .89 | .14 | N | 16.8 | 21.0 | 7.5 | 17.5 | .30 | 1.8 | 08-06-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.13 | 4.50 | 4.63 | -.50 | -9.76 | 8.50 | 4.38 | -.26 | -.40 | 1.95 | 10.85 | .17 | -.01 | Q | NC | -14.0 | .7 | NE | .10 | 2.2 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calibre Cp | CLBR | 4.50 | 3.75 | 4.00 | -.25 | -5.88 | 13.00 | 3.25 | -.09 | -.15 | -1.47 | 6.73 | .07 | -.20 | S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 | 0783 |
| Calny Food | CLNY | 9.25 | 9.00 | 9.25 | .25 | 2.78 | 10.75 | 7.25 | .44 | -.24 | 2.05 | 43.62 | .52 | .07 | F | 15.5 | 3.0 | 4.8 | 17.8 | .16 | 1.7 | 04-25-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 | 0284 |
| Capt Crab Inc | CRAB | 2.38 | 1.63 | 1.63 | -.63 | -27.78 | 8.38 | 1.63 | -1.41 | -6.07 | 1.02 | 41.67 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.25 | 7.88 | 8.25 | -.63 | -7.04 | 11.88 | 7.13 | -.13 | -.31 | 2.13 | 2.11 | .50 | .26 | Q | 83.8 | 99.0 | 3.7 | 14.5 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 15.63 | 12.50 | 15.25 | -.88 | -5.43 | 29.00 | 12.50 | -.83 | 4.07 | 6.79 | -27.30 | .39 | .26 | S | 96.2 | 67.0 | 9.4 | 28.8 | .00 | .0 | 09-28-83 | 94.2 | 8.9 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 17.75 | 14.50 | 17.75 | 3.75 | 26.79 | 18.38 | 12.75 | .91 | 3.51 | 8.01 | 23.11 | .29 | .17 | N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 | 0683 |
| Ch Full O Nut | CHF | 10.00 | 8.50 | 9.25 | -.75 | -7.50 | 20.41 | 8.50 | -.92 | .76 | 2.94 | -10.73 | .62 | -.18 | N | -32.7 | -6.0 | 2.9 | 25.0 | .48 | 5.2 | 06-29-84 | 111.6 | 3.2 | 2.9 | .33 | 6.50 | 0783 |
| Churchs Fr Ch | CHU | 27.25 | 25.75 | 26.63 | .63 | 2.40 | 32.50 | 21.25 | .07 | -.16 | -4.72 | 1.22 | 1.66 | -.62 | Q | -28.0 | .0 | 6.8 | 16.7 | .80 | 3.0 | 07-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 18.38 | 17.63 | 18.38 | .00 | .00 | 21.63 | 14.75 | .03 | .41 | -3.69 | 13.84 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 10.8 | .20 | 1.1 | 06-21-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 16.25 | 16.25 | 16.25 | -.25 | -1.52 | 17.69 | 11.63 | .42 | -.46 | .57 | -5.26 | .06 | .46 | S | NC | 86.0 | 1.3 | 35.3 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 11.88 | 7.63 | 8.38 | -3.38 | -28.72 | 18.75 | 7.63 | -1.50 | 1.06 | 7.87 | -2.79 | .26 | .14 | N | 70.0 | 39.0 | 2.5 | 24.6 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 20.00 | 19.75 | 20.00 | .25 | 1.27 | 25.75 | 15.75 | .09 | -.06 | 1.27 | -54.17 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 21.5 | .14 | .7 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 40.13 | 38.75 | 39.25 | -.88 | -2.18 | 41.38 | 29.00 | .16 | -.43 | -2.27 | 12.24 | 2.54 | .26 | N | 10.3 | 12.0 | 3.8 | 14.1 | .72 | 1.8 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 55.50 | 49.50 | 53.88 | 1.88 | 3.61 | 68.50 | 45.25 | .62 | -.23 | .18 | -21.09 | 2.70 | .21 | N | 7.3 | -3.0 | 7.1 | 17.7 | 1.20 | 2.2 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 12.00 | 10.50 | 12.00 | .63 | 5.49 | 21.88 | 10.50 | -.67 | .40 | -2.97 | 49.07 | .99 | .03 | Q | 3.1 | 70.0 | 6.8 | 12.1 | .17 | 1.4 | 06-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 22.38 | 21.88 | 22.38 | .75 | 3.47 | 25.13 | 18.13 | .57 | -.28 | 1.37 | 21.35 | 1.62 | .23 | S | 15.1 | 24.0 | 10.2 | 12.8 | .32 | 1.4 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 11.00 | 9.88 | 10.63 | .38 | 3.66 | 13.13 | 9.00 | .39 | -.49 | 4.23 | -49.90 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.06 | 1.00 | 1.00 | -.06 | -5.88 | 3.75 | 1.00 | -.25 | -2.66 | -.67 | 46.20 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 16.7 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 | 1283 |
| Flakey Jakes | FJAK | 7.88 | 7.00 | 7.00 | -.63 | -8.20 | 9.13 | 4.00 | -.61 | -1.87 | -1.67 | -2.19 | -.15 | -.15 | Q | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 | 1283 |
| Frisch's | FRS | 31.25 | 29.38 | 31.00 | 1.63 | 5.53 | 32.94 | 21.16 | .70 | -.13 | -.54 | -6.67 | 1.85 | .75 | N | 51.3 | 22.0 | 3.7 | 14.0 | .40 | 1.3 | 06-27-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Fuddruckers Inc | FUDD | 11.25 | 9.25 | 10.63 | -.88 | -7.61 | 17.50 | 9.25 | -.52 | 2.31 | -4.97 | 2.39 | .06 | .02 | Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 | 1283 |
| Garcias Scot | GMEX | 5.00 | 4.25 | 4.63 | -.25 | -5.13 | 11.88 | 4.00 | -.84 | .14 | 2.34 | -13.06 | -.48 | -.09 | Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 53.00 | 50.88 | 51.13 | -1.38 | -2.62 | 57.00 | 41.63 | .11 | -.92 | -1.39 | -8.72 | 4.98 | .09 | F | 1.8 | 15.0 | 4.2 | 10.3 | 2.24 | 4.4 | 07-03-84 | 5600.8 | 233.4 | 1.2 | 9.71 | 25.68 | 0583 |
| Good Taco | TACO | 3.25 | 2.25 | 2.63 | -.63 | -19.23 | 7.38 | 1.50 | -.02 | 2.10 | -3.38 | -65.35 | -.72 | -.39 | Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 | 0284 |
| Hambrg Hamlet | HAMB | 11.25 | 11.25 | 11.25 | .00 | .00 | 12.00 | 9.50 | .32 | -.47 | 2.05 | -91.67 | 1.54 | 2.64 | F | NE | -14.0 | 3.1 | 7.3 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 49.25 | 45.50 | 46.38 | -1.63 | -3.39 | 59.50 | 45.50 | -.19 | -1.03 | -3.10 | 28.39 | 3.20 | .30 | S | 10.2 | -1.0 | 14.0 | 14.3 | 1.80 | 3.9 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 | 1283 |
| Holiday Inns | HIA | 41.25 | 37.25 | 40.63 | 2.63 | 6.91 | 57.25 | 37.25 | -.43 | 1.43 | .10 | -20.87 | 3.28 | .41 | S | 14.1 | 12.0 | 7.8 | 12.3 | .90 | 2.2 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 15.63 | 11.25 | 12.38 | -3.13 | -20.16 | 27.97 | 11.25 | -.67 | -1.99 | .91 | 26.03 | 1.15 | .37 | Q | 46.8 | 71.0 | 4.0 | 10.7 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 9.01 | 4.54 | 1282 |
| Hungry Tiger | HTIG | 5.00 | 4.25 | 4.75 | -.13 | -2.56 | 10.75 | 4.25 | -.89 | -.40 | 6.22 | -43.04 | .00 | -.81 | S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 39.50 | 39.50 | -.50 | -1.25 | 40.00 | 29.50 | .19 | -.45 | 7.29 | -14.29 | 2.94 | .81 | Q | 35.3 | 57.0 | 6.2 | 12.7 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 15.50 | 14.75 | 15.25 | -.25 | -1.61 | 23.00 | 12.50 | .07 | .14 | -.69 | 11.07 | .92 | .70 | N | 100.0 | 60.0 | 4.8 | 10.9 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 12.38 | 11.75 | 12.25 | .00 | .00 | 17.00 | 10.38 | -.14 | -.25 | 3.41 | 37.37 | 1.00 | .05 | S | 5.0 | 20.0 | 4.1 | 11.8 | .20 | 1.6 | 05-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 15.63 | 14.13 | 14.50 | .25 | 1.75 | 20.63 | 11.88 | .01 | -.99 | 2.41 | 35.89 | 1.33 | -.08 | N | -6.0 | 16.0 | 4.6 | 11.6 | .12 | .8 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.38 | 2.88 | 3.00 | -.38 | -11.11 | 9.00 | 2.88 | .08 | -.91 | 2.91 | -11.11 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 4.75 | 4.00 | 4.00 | -.88 | -17.95 | 17.88 | 4.00 | -.20 | -3.09 | .36 | 5.87 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 40.0 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 26.25 | 24.75 | 25.50 | .50 | 2.00 | 43.75 | 18.75 | .38 | -.33 | 2.23 | -21.85 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 16.7 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 34.38 | 32.00 | 33.00 | -1.38 | -4.00 | 39.75 | 31.25 | .01 | .24 | 1.53 | 8.93 | 1.53 | .31 | N | 20.9 | 27.0 | 9.8 | 18.4 | .60 | 1.8 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 12.75 | 12.25 | 12.75 | .50 | 4.08 | 14.88 | 11.38 | .12 | .35 | 15.08 | 42.56 | 1.28 | .13 | N | 10.6 | 6.0 | 6.1 | 9.4 | .28 | 2.2 | 07-10-84 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 68.00 | 64.88 | 67.38 | .63 | .94 | 77.50 | 58.50 | .04 | .07 | -.53 | 16.32 | 4.15 | .80 | S | 21.5 | 30.0 | 3.8 | 14.9 | .44 | .7 | 06-18-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 | 1283 |
| Maverick Rest | MAVR | 5.50 | 5.25 | 5.25 | -.13 | -2.33 | 7.00 | 4.13 | .39 | -.53 | -4.46 | 25.00 | .13 | .15 | Q | NC | 98.0 | 9.5 | 35.0 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 | 0184 |
| McDonald's Cp | MCD | 73.00 | 67.75 | 72.13 | 2.50 | 3.59 | 74.38 | 55.75 | .22 | .46 | .14 | 23.46 | 5.74 | .78 | Q | 15.2 | 23.0 | 11.2 | 12.2 | 1.16 | 1.6 | 07-24-84 | 3062.9 | 342.6 | .0 | .00 | .00 | 1283 |
| Morrison Inc | MORR | 17.25 | 16.00 | 17.00 | -.13 | -.73 | 20.75 | 13.13 | .10 | 1.26 | -3.25 | -14.79 | 1.34 | .14 | N | 10.9 | 13.0 | 4.5 | 12.0 | .40 | 2.4 | 07-16-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.00 | 1.88 | 1.88 | -.13 | -6.25 | 3.47 | 1.88 | -.79 | -.33 | 3.28 | 8.82 | .15 | .34 | S | NE | -25.0 | 1.1 | 14.4 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.13 | 2.13 | 2.13 | .00 | .00 | 3.63 | 1.66 | .28 | -.43 | -.14 | -32.50 | .20 | .12 | F | 150.0 | 25.0 | 2.0 | 10.6 | .00 | .0 | 09-09-83 | 20.0 | .4 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 8.75 | 7.25 | 8.13 | -.38 | -4.41 | 30.50 | 7.25 | -.11 | -1.80 | -.08 | -.17 | .70 | -1.71 | N | -228.0 | -26.0 | 3.6 | NE | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| Ogden Corp | OG | 28.25 | 27.00 | 27.13 | -.88 | -3.13 | 34.38 | 24.50 | .18 | -.58 | -.93 | 8.47 | 2.64 | .60 | Q | 30.1 | -8.0 | 3.0 | 10.5 | 1.80 | 6.6 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 6.88 | 6.50 | 6.63 | -.25 | -3.64 | 8.88 | 5.88 | .40 | -.23 | .00 | -18.69 | .43 | .15 | S | 44.1 | 65.0 | 4.8 | 13.5 | .10 | 1.5 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 1.88 | 1.38 | 1.50 | .00 | .00 | 13.38 | 1.25 | -.03 | -3.61 | -4.18 | -26.02 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 43.88 | 40.50 | 43.88 | 2.13 | 5.09 | 43.88 | 32.63 | .01 | 1.31 | -.30 | 20.03 | 3.01 | .17 | Q | 5.7 | 3.0 | 4.0 | 14.1 | 1.68 | 3.8 | 06-04-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 | 1283 |
| Piccadilly Caf | PICC | 23.38 | 21.50 | 22.00 | -.25 | -1.12 | 23.38 | 12.75 | .53 | -.62 | -1.80 | 4.71 | .99 | .05 | N | 4.6 | 5.0 | 3.9 | 19.5 | .60 | 2.7 | 06-04-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 37.75 | 35.50 | 37.75 | 1.88 | 5.23 | 41.50 | 28.44 | -.13 | .46 | -2.18 | 8.97 | 3.29 | .96 | N | 32.6 | 13.0 | 3.9 | 9.7 | 1.40 | 3.7 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 10.75 | 10.13 | 10.13 | -.50 | -4.71 | 16.38 | 8.38 | .58 | -1.52 | -2.54 | 1.12 | 1.14 | .38 | Q | 53.5 | 30.0 | 2.5 | 9.3 | .08 | .8 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 14.63 | 14.13 | 14.25 | -.13 | -.87 | 16.75 | 12.63 | .02 | -1.10 | -.67 | 21.83 | .37 | .41 | Q | NC | 4.0 | 1.9 | 34.8 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.50 | 18.75 | 21.00 | 1.75 | 9.09 | 24.88 | 16.00 | .07 | 2.21 | -1.20 | -29.35 | 1.50 | -.41 | N | -25.7 | -5.0 | 2.8 | 17.8 | .40 | 1.9 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 6.75 | 5.63 | 6.38 | -.25 | -3.77 | 11.63 | 5.63 | -.70 | 1.43 | 1.63 | -9.28 | .13 | 1.48 | Q | NE | -18.0 | .7 | 11.4 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 15.25 | 13.50 | 14.00 | -1.25 | -8.20 | 21.50 | 12.50 | -.38 | -.87 | -9.16 | -10.00 | .57 | .63 | Q | NC | 57.0 | 3.8 | 22.2 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Rest Assoc | RA | 8.25 | 7.38 | 7.63 | -.50 | -6.15 | 9.50 | 6.50 | .19 | -.48 | -2.92 | -48.92 | .88 | .17 | Q | 25.0 | 23.0 | 1.9 | 9.0 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Rest Systems | RSYS | 12.75 | 11.75 | 12.50 | .50 | 4.17 | 13.50 | 9.00 | 1.20 | -.50 | 1.33 | 16.05 | .72 | .75 | Q | NC | 19.0 | 4.7 | 16.7 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 4.75 | 3.50 | 4.75 | .25 | 5.56 | 16.00 | 3.50 | -2.06 | 6.25 | 4.94 | -25.90 | -.17 | .17 | Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 20.00 | 17.38 | 17.75 | -2.25 | -11.25 | 26.75 | 15.50 | .21 | -2.50 | 2.48 | .98 | .52 | .27 | S | 71.0 | 59.0 | 10.8 | 27.3 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 31.25 | 28.25 | 30.88 | 2.25 | 7.86 | 37.88 | 24.63 | .18 | .85 | -3.28 | 32.48 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 13.6 | .44 | 1.4 | 05-14-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 7.50 | 6.75 | 7.00 | -.50 | -6.67 | 14.25 | 6.75 | -.04 | -.50 | 5.54 | 39.17 | .70 | -.17 | N | -22.6 | 15.0 | 4.5 | 12.1 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.13 | 8.38 | 9.00 | .00 | .00 | 13.75 | 7.50 | -.45 | -.38 | -4.06 | -36.23 | .23 | .42 | Q | 221.0 | 10.0 | 1.2 | 14.8 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 24.50 | 18.50 | 19.75 | -1.75 | -8.14 | 24.50 | 13.50 | .62 | .86 | .18 | 82.29 | 1.19 | .99 | Q | 180.0 | 21.0 | 2.5 | 12.8 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 | 1283 |
| Shoney's Inc | SHON | 28.25 | 26.50 | 27.38 | .25 | .92 | 28.25 | 20.00 | .39 | -.35 | 3.00 | -47.76 | 1.17 | .28 | S | 27.4 | 34.0 | 6.0 | 21.1 | .16 | .6 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 17.13 | 16.50 | 17.13 | .63 | 3.79 | 20.50 | 13.75 | .33 | .24 | -2.09 | 23.91 | 1.24 | .45 | Q | 52.3 | 33.0 | 3.5 | 13.1 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 6.50 | 5.00 | 5.00 | -1.00 | -16.67 | 11.50 | 5.00 | -.29 | -2.18 | 9.40 | 94.19 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 35.7 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 12.75 | 12.00 | 12.75 | .50 | 4.08 | 14.00 | 8.75 | -.13 | .15 | -2.78 | -7.25 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 12.3 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.63 | 8.75 | 9.00 | -.63 | -6.49 | 14.50 | 8.75 | -.24 | -1.60 | 1.72 | -8.38 | .81 | .14 | Q | 20.8 | 26.0 | 4.0 | 11.1 | .06 | .7 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 22.00 | 16.50 | .17 | -.45 | .73 | -50.00 | 1.02 | -.94 | Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 | 1283 |
| So Hospitality | SHOS | 4.25 | 4.13 | 4.13 | -.13 | -2.94 | 6.00 | 3.75 | .51 | -1.33 | .61 | -67.95 | .33 | .06 | F | 22.2 | 90.0 | 4.2 | 12.5 | .00 | .0 | 00-00-00 | 35.7 | 1.5 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 5.88 | 5.25 | 5.25 | -.50 | -8.70 | 10.00 | 4.88 | .07 | -3.17 | -2.90 | 29.04 | .29 | .06 | S | 25.0 | 71.0 | 2.1 | 17.5 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGI Friday's | TGI | 12.63 | 10.50 | 10.88 | -1.88 | -14.71 | 17.88 | 10.00 | -.04 | -2.17 | -1.39 | 9.33 | .65 | .68 | Q | NC | 28.0 | 4.5 | 16.0 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 | 1283 |
| TGIF Texas | TEXF | 2.75 | 2.25 | 2.25 | -1.00 | -30.77 | 7.50 | 2.25 | -1.30 | -3.47 | 1.28 | 64.00 | .06 | -.01 | Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 | 1283 |
| Transworld | TW | 27.63 | 25.13 | 26.50 | .25 | .95 | 33.53 | 17.81 | -.04 | .29 | -1.53 | 1.54 | 1.30 | 3.01 | Q | 115.3 | 68.0 | 3.2 | 4.7 | .10 | .4 | 05-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 | 1283 |
| Vicorp Restaurants | VRES | 16.50 | 14.50 | 15.50 | -1.00 | -6.06 | 22.00 | 12.88 | -.52 | .55 | -6.72 | -3.22 | .85 | .31 | Q | 52.5 | 56.0 | 5.1 | 17.2 | .12 | .8 | 03-23-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 | 1083 |
| Victoria Stations | VSTA | 7.13 | 6.50 | 6.88 | -.25 | -3.51 | 10.38 | 5.13 | .02 | -.32 | -3.23 | -45.80 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 18.38 | 16.75 | 18.13 | 1.13 | 6.62 | 18.38 | 10.78 | .27 | .35 | -.53 | 1.87 | 1.01 | .19 | Q | 21.8 | 21.0 | 7.7 | 17.1 | .24 | 1.3 | 05-01-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Wstn Steer | WSMP | 11.75 | 11.25 | 11.25 | -.50 | -4.26 | 13.50 | 9.00 | .24 | -1.55 | -4.40 | -17.78 | 1.02 | .10 | F | 10.8 | 4.0 | 3.3 | 11.0 | .16 | 1.4 | 06-05-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 | 0284 |
| Winners Cp | WNER | 10.25 | 9.00 | 9.75 | -.38 | -3.70 | 16.25 | 7.75 | .14 | -.45 | -1.10 | 4.99 | .63 | -.06 | Q | -9.2 | 12.0 | 3.3 | 16.5 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | .5 | 7.06 | 6.43 | 1282 |

**Footnotes:**

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

*FINANCIAL NEWS*

# McDonald's net profit up 13% to $184M in first half of 1984

OAK BROOK, Ill. — McDonald's net profit rose 13% to $108.5 million on a 12% revenue increase to $882 million for the second quarter ended June 30 compared to 1983's second quarter. Systemwide sales jumped 19% to $2.5 billion.

For the first six months of this year, net profit was up 13% to $183.5 million on a 13% rise in revenue to $1.6 billion. Systemwide sales in the period increased 18% to $4.7 billion.

The burger chain opened 116 restaurants in the April-June period for a June 30 total of 7,935, up 485 from a year earlier. An additional 162 units were under construction.

International sales rose 22% to $475.6 million in the quarter and 24% to $924.4 million for the six months compared to year-earlier periods. International income, defined as income before general, administrative and selling expenses, interest expense and income taxes, rose 34% for the six months.

Strong sales in foreign markets were attributed to new unit openings and "the ongoing success of Chicken McNuggets," which were introduced in Canada and Japan early this year, according to a spokesman.

There were 1,601 restaurants in international markets as of June 30, up by 173 units from a year earlier.

# Disney 3rd-qtr. profit soars 112%; second try at takeover looms

BURBANK, Calif. — Just weeks after Walt Disney Productions submitted to greenmail in order to avert a takeover by financier Saul Steinberg, another corporate takeover specialist has begun to acquire a significant number of Disney shares.

Irwin Jacobs and other investors have bought 5.8% of Disney's stock and indicated they might buy more. Jacobs, who was unavailable for comment, has reportedly ruled out greenmail.

Disney spokesman Erwin Okun said, 'We don't know his intention. We'll have to wait and see what the situation is."

This development occurred the same day that Disney reported its highest quarterly profit and revenue.

Despite the drain on resources resulting from the Steinberg takeover attempt, Disney's net profit in the third quarter, compared to last year, skyrocketed 112% to $45.4 million as revenue increased 35% to $483 million.

In June, Disney angered its shareholders when it paid Steinberg $325.5 million for the Disney stock he had purchased (representing 11.1% of total shares) at a much lower price. Steinberg had stated previously his intention to acquire a controlling interest in the company.

For nine months this fiscal year Disney reported a 25% increase in net profit to $85.7 million, compared to last year.

Spokesman John Dreyer attributed the large gains to the success of Disney's movie division—especially the box-office performance of one film, *Splash*—and the contribution of Arvida Corp., a real estate development company purchased by Disney.

# *Ritzy's rolls back growth plans; projects net loss for fiscal year*

COLUMBUS, Ohio — Confronted with deepening losses, G. D. Ritzy's Inc., an upscale burger and ice cream chain, is expanding its menu into chicken and vegetables, scaling back growth estimates and no longer projecting a profitable year.

The franchisor of the 84-unit chain posted a $432,000 net loss for the second quarter ended July 1, compared to a $247,000 loss last year. Revenue rose 81% to $3.6 million.

For the six months, the loss totaled $1.1 million, vs. $697,000 at 1983's half-year. Six-month revenue was $6.7 million, up 106% year-to-year.

At the end of 1983, the four-year-old company said it expected to narrow its losses this year, finally turning a profit. It also projected that the then 60-unit chain would number 160 units by the end of this year as franchisees added 75 new outlets.

But chief financial officer William Coleman, commenting on the second-quarter results, said the company had ceased making financial projections. He also said executives now expected the chain to have between 100 and 110 restaurants in operation at year's end.

G. D. Ritzy's is getting ready to roll two new chicken entrees and a vegetable platter entree chainwide. Two versions of a new salad entree are in the test.

Adding calorie-counting dishes appears to represent a significant repositioning of the menu.

Ritzy's has staked a claim with fresh-grilled burgers, seared at the edges, and super-premium ice cream served in a generically nostalgic setting reminiscent of a roadside diner or old-time shake shop.

But executives now feel, Coleman said, that Ritzy's customers tend to "trade" calories, choosing either a burger or ice cream, but not always both.

The new menu items are designed to boost food sales from diet-conscious customers, he said.

The two new hot chicken sandwiches sell for $1.89. One contains marinated grilled chicken breast, the other, hot chunks that are scooped onto buns.

Rolled first into the company-operated, 17-store Columbus market, the chicken entrees were scheduled for introduction in Pittsburgh and Cincinnati before going chainwide.

A vegetable platter, priced at 89¢ plus 20¢ for cheddar dressing, is already chainwide. It contains steamed broccoli, cauliflower and carrots.

The two salad entrees are being tested in Columbus stores. A house salad is priced at $1.89. The $2.29 deluxe comes with chicken and bacon.

Even at a reduced rate of growth, however, Ritzy's expansion remains one of the fastest in the industry. Last year it had 27 units systemwide.

While seeking to broaden its customer base, G. D. Ritzy's said its operations were becoming increasingly profitable but not enough to cover corporate overhead, which has continued to rise.

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## *EARNINGS REPORT*

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| A&M Food Service | 3 mos. | 6/12 | | | $ 7.600 | 29 | $ 0.426 | – 6.0 |
| | 6 mos. | 6/12 | | | 14.000 | 30 | 0.682 | 31.0 |
| ARA Services | 3 mos. | 6/29 | | | 862.800 | 12 | 16.700 | 16.0 |
| | 9 mos. | 6/29 | | | 2,570.300 | 20 | 50.200 | 16.0 |
| Chi-Chi's | 12 mos. | 4/30 | | | 161.700 | 60 | 16.700 | 84.0 |
| | 3 mos. | 4/30 | | | 43.200 | 43 | 4.500 | 65.0 |
| Church's Fried Chick | 6 mos. | 6/10 | | | 233.500 | 18 | 17.700 | – 5.8 |
| | 3 mos. | 6/10 | | | 125.800 | 19 | 10.900 | 2.8 |
| Consul Corp. | 12 mos. | 5/31 | | | 63.700 | 99 | 2.300 | 104.0 |
| | 3 mos. | 5/31 | | | 20.300 | 15 | 0.327 | – 17.0 |
| Diversifoods | 3 mos. | 6/30 | | | 146.200 | 20 | 9.700 | 2.0 |
| | 6 mos. | 6/30 | | | 271.900 | 18 | 9.700 | 2.0 |
| El Chico Corp. | 12 mos. | 6/1 | $ 86.600 | | 78.100 | 21 | | |
| El Torito | 3 mos. | 6/30 | 64.566 | 20 | | | 2.199 | 53.0 |
| | 6 mos. | 6/30 | 123.102 | 22 | | | 4.934 | 68.0 |
| Flakey Jake's | 3 mos. | 3/17 | | | 1.800 | 189 | (0.254) | |
| | 6 mos. | 6/17 | | | 3.300 | 320 | (0.384) | |
| Gadgets | 5 mos. | 5/27 | | | | | (3.572) | |
| Hilton Hotels | 3 mos. | 6/30 | | | 173.500 | – 7 | 24.500 | – 13.0 |
| | 6 mos. | 6/30 | | | 337.500 | | 43.700 | 2.0 |
| Holiday Inns | 3 mos. | 6/29 | | | 453.900 | 14 | 34.700 | – 11.0 |
| | 6 mos. | 6/29 | | | 856.400 | 15.0 | 60.700 | – 2.0 |
| Hungry Tiger | 4 mos. | 6/8 | | | 21.400 | | 0.463 | – 23.0 |
| | 9 mos. | 6/8 | | | 52.400 | 12 | 0.667 | – 44.0 |
| Int'l Dairy Queen | 3 mos. | 7/1 | | | 37.900 | 8 | 2.500 | 4.0 |
| | 6 mos. | 7/1 | | | 65.700 | 18 | 3.200 | 14.0 |
| Int'l King's Table | 12 mos. | 6/30 | | | 78.200 | 56 | 3.800 | 58.0 |
| | 3 mos. | 6/30 | | | 18.800 | 21 | 0.984 | 16.0 |
| JB's Restaurants | 4 mos. | 7/1 | | | 22.200 | 31 | 1.000 | 23.0 |
| | 9 mos. | 7/1 | | | 48.700 | 23 | 1.900 | 27.0 |
| McDonald's | 3 mos. | 6/30 | | | 882.000 | 12 | 108.600 | 13.0 |
| | 6 mos. | 6/30 | | | 1,640.300 | 13 | 183.600 | 13.0 |
| Pizza Inn | 3 mos. | 3/25 | | | 38.300 | 9 | 0.805 | – 15.0 |
| Po Folks | 3 mos. | 6/29 | | | 29.300 | 53 | 1.300 | 198.0 |
| | 9 mos. | 6/29 | | | 75.800 | 56 | 2.300 | 162.0 |
| Ryan's | 3 mos. | 6/27 | | | 7.956 | 70 | 0.812 | 66.0 |
| | 6 mos. | 6/27 | | | 14.906 | 74 | 1.564 | 69.0 |
| Saga Corp. | 12 mos. | 6/30 | | | 1,131.00 | 12 | 31.000 | 19.0 |
| | 3 mos. | 6/30 | | | 305.700 | 19 | 6.400 | 68.0 |
| Sea Galley | 6 mos. | 6/30 | | | 32.600 | – 7 | 2.300 | |
| | 3 mos. | 6/17 | | | 16.600 | – 11 | 1.700 | |
| Skippers | 3 mos. | 6/10 | 16.838 | 7 | 14.415 | 23 | 0.584 | 6.0 |
| T.G.I. Friday | 3 mos. | 7/2 | | | 71.200 | 22 | 3.400 | 14.0 |
| | 6 mos. | 7/2 | | | 136.500 | 23 | 6.500 | 25.0 |
| Taco Viva | 12 mos. | 5/31 | | | 21.800 | 38 | 1.100 | 33.0 |
| | 3 mos. | 5/31 | | | 5.700 | 25 | 0.253 | 64.0 |
| This Can't Be Yogurt | 3 mos. | 5/31 | | | 1.888 | 211 | 0.312 | 314.0 |
| | 6 mos. | 5/31 | | | 2.738 | 202 | 0.349 | |
| Transworld | 3 mos. | 6/30 | | | 504.200 | 9 | 29.900 | 280.0 |
| | 6 mos. | 6/30 | | | 967.700 | 9 | 49.200 | |
| USA Cafes | 3 mos. | 6/30 | | | 4.900 | 54 | 0.682 | 82.0 |
| | 9 mos. | 6/30 | | | 11.900 | 37 | 1.445 | 70.0 |
| Walt Disney Prod. | 9 mos. | 6/30 | | | 1,192.800 | 26 | 85.700 | 25.0 |
| | 3 mos. | 6/30 | | | 483.300 | 35 | 45.400 | 112.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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MULTIUNIT TRENDS

# In search of the gold McNuggets: Shrewd McD marketing pays off

**By Charles Forman**
*Executive Editor*

Marketing whizzes pay heed. For some time now the headlines and accolades celebrating supposed marketing acumen have concentrated on recognizing noisy comparative ad campaigns and certain new product intros that still have to prove themselves.

Serious students of the selling of fast food '84 may want to lift their magnifying glasses off images of Clara Peller, "Whopper Beat the Big Mac" storyboards, and wires from the commodities exchanges telling who's cornered the potatoes.

One of the most fabulous stories in chain food service has to be the peddling of McDonald's Chicken McNuggets. Roughly three-quarters of a billion dollars of McNuggets were sold last year. During the next 12 months that number could close in on $1 billion.

Mind-boggling as numbers like these should be, they're more impressive when you consider that the current powerful boost Chicken McNuggets is giving McDonald's sales is really a turnaround.

It's a testament to a shrewdly timed intro last summer of the 9-pack and 20-pack boxes of McNuggets. It's evidence, too, of advertising's power to drill a big chain's new products into the collective consumer consciousness and make them move across the counter.

According to figures provided by Restaurant Trends, Middletown, N.J., McNugget sales were clearly tailing off by last year's second quarter. The product, originally promoted as a side-dish check builder (more truthfully it was probably intended to sell little kids up from a 60¢ hamburger to a $1.25 entree), was in trouble.

Remember, too, that McDonald's breakfast, which has dominated fast-food's morning meal efforts, was also feeling the pinch. A lot of conferring must have been going on at Oak Brook, Ill., main headquarters.

Then came the new McNugget sizes and with them the Leo Burnett ad agency's "McNugget Mania" campaign kicked off in early August.

Third-quarter '83 tabulations by Restaurant Trends show McNuggets percentage of overall store sales kicking up by almost a half over the previous quarter to 11.74%.

Although some slippage has occurred over the last year the numbers lead to some significant conclusions.

The most important is that McNuggets are now driving McDonald's store sales. With consistent regularity McDonald's units that are making the greatest percentage gains in

*(Continued on page 20)*

## PRODUCT INFORMATION BY QUARTER

**McDonald's Chicken McNuggets**

| | Average Months Served | % of Overall Sales | Product Price | % Change in Overall Store Sales* |
|---|---|---|---|---|
| 1982 | | | | |
| 1st Qtr. | 3.5 Mos. | 9.55% | NA | 1.90% |
| 2nd Qtr. | 3.89 | 9.96 | NA | 8.96 |
| 3rd Qtr. | 4.66 | 11.63 | NA | 9.09 |
| 4th Qtr. | 6.35 | 9.67 | NA | 4.59 |
| 1982 Total | 4.82 | 10.27 | NA | 6.43 |
| 1983 | | | | |
| 1st Qtr. | 8.37 | 10.27 | NA | 5.82 |
| 2nd Qtr. | 13.01 | 7.85 | $1.29 | 5.95 |
| 3rd Qtr. | 13.01 | 11.74 | 1.30 | 8.60 |
| 4th Qtr. | 13.57 | 11.93 | 1.30 | 12.10 |
| 1983 Total | 12.69 | 10.78 | 1.30 | 8.93 |
| 1984 | | | | |
| 1st Qtr. | 21.12 | 10.50 | 1.32 | 9.45 |

Source: Restaurant Trends

*Month over prior month year earlier.

## STORE SALES CHANGES OF MAJOR CHAINS

**Three Months Moving Average 4/84-6/84**

| | Average Monthly Per Cent Change Over Previous Year | | | |
|---|---|---|---|---|
| | Nominal Sales | Price | Real Sales | Prior 3 Mos. Real Sales |
| Arby's | 7% | 2% | 5% | NA |
| Big Boy | 11 | 3 | 8 | 8% |
| Burger King | 12 | 1 | 11 | 14 |
| Church's | 10 | 3 | 7 | 8 |
| Denny's | 4 | 3 | 1 | 2 |
| Dunkin' Donuts | 6 | 2 | 4 | 2 |
| Friendly Ice Cream | 4 | 3 | 1 | 2 |
| Hardee's | 7 | 1 | 6 | 6 |
| Howard Johnson | 6 | 2 | 4 | 5 |
| Jack-in-the-Box | 8 | 2 | 6 | 9 |
| Kentucky Fried Chicken | 11 | 3 | 8 | 5 |
| Long John Silver's | 8 | 3 | 5 | 6 |
| McDonald's | 11 | 1 | 10 | 10 |
| Pizza Hut | 12 | 3 | 9 | 11 |
| Ponderosa | 16 | 4 | 12 | 10 |
| Taco Bell | 18 | 2 | 16 | 13 |
| Wendy's | 19 | 2 | 17 | 14 |
| Winchell's | 12 | 2 | 10 | 11 |
| Average | 10.1% | 2.3% | 7.8% | 7.8% |
| Eating & Drinking Places April thru June | 7.2% | 4.2% | 2.8% | 6.1% |
| Food Stores April thru June | 6.3% | 2.6% | 3.7% | 3.6% |

Source: Restaurant Trends

## REAL SALES CHANGES

| | Average Stores | | | | Eating & Drinking Places | Food Stores |
|---|---|---|---|---|---|---|
| | Coffee Shops | Fast Food | | Total | | |
| | | Hamburger | Other | | | |
| 1981 | | | | | | |
| 1st Qtr. | (1.8)% | 0.6% | 0.8% | 0.3% | (1.8)% | (1.2)% |
| 2nd Qtr. | 3.7 | 1.6 | 1.9 | 2.2 | 2.1 | 2.4 |
| 3rd Qtr. | 0.9 | (0.7) | 1.0 | 0.7 | 1.6 | 3.0 |
| 4th Qtr. | (2.4) | (0.1) | 0.6 | (0.3) | 0.3 | 4.4 |
| 1982 | | | | | | |
| 1st Qtr. | (3.5) | (0.1) | (0.3) | (0.9) | (0.7) | 2.3 |
| 2nd Qtr. | (0.9) | 4.9 | 2.0 | 2.2 | 1.7 | 0.8 |
| 3rd Qtr. | 2.1 | 6.0 | 1.8 | 3.1 | 4.4 | 1.3 |
| 4th Qtr. | 2.8 | 5.6 | 2.6 | 3.3 | 6.9 | 1.7 |
| 1983 | | | | | | |
| 1st Qtr. | 3.2 | 6.9 | 3.1 | 4.2 | 6.8 | 1.5 |
| 2nd Qtr. | 4.0 | 6.7 | 4.2 | 4.8 | 6.0 | 2.6 |
| 3rd Qtr. | 4.7 | 7.7 | 4.4 | 5.6 | 6.4 | 5.2 |
| 4th Qtr. | 3.3 | 11.5 | 4.7 | 6.3 | 4.4 | 2.8 |
| 1984 | | | | | | |
| 1st Qtr. | 3.9 | 10.3 | 8.1 | 7.8 | 6.1 | 3.6 |
| 2nd Qtr. | 3.4 | 9.2 | 8.9 | 7.8 | 2.8 | 3.7 |

Source: Restaurant Trends

MULTIUNIT TRENDS

# McNugget marketing pays off for McDonald's

## PRODUCT INFORMATION BY MONTHS SERVED

McDonald's Chicken McNuggets

| | Average Months Served | % of Overall Sales | Product Price | % Change In Overall Store Sales* |
|---|---|---|---|---|
| **1982** | | | | |
| **0-6 Mos.** | 3.15 Mos. | 10.79% | NA | 6.33% |
| **7-12** | 9.13 | 8.45 | NA | 7.18 |
| **13+** | 19.50 | 8.25 | NA | 4.50 |
| **1983** | | | | |
| **0-6** | 4.04 | 11.10 | $1.28 | 9.98 |
| **7-12** | 10.55 | 10.26 | 1.29 | 7.35 |
| **13+** | 20.73 | 11.09 | 1.30 | 9.69 |
| **1984** | | | | |
| **0-6** | 5.40 | 8.40 | 1.44 | 4.20 |
| **7-12** | 11.07 | 10.64 | 1.26 | 7.21 |
| **13+** | 24.60 | 10.38 | 1.31 | 10.65 |

Source: Restaurant Trends

*Month over prior month year earlier.

## PRODUCT INFORMATION BY REGION

McDonald's Chicken McNuggets

| | Average Months Served | % of Overall Sales | Product Price | % Change In Overall Store Sales* |
|---|---|---|---|---|
| **1982** | | | | |
| **Northeast** | 4.31 Mos. | 11.14% | NA | 6.22% |
| **N. Central** | 3.75 | 10.24 | NA | 5.68 |
| **South** | 4.64 | 10.68 | NA | 7.56 |
| **West** | 6.65 | 8.89 | NA | 6.44 |
| **1983** | | | | |
| **Northeast** | 16.49 | 12.46 | $1.39 | 9.07 |
| **N. Central** | 10.72 | 10.34 | 1.25 | 8.63 |
| **South** | 12.56 | 10.50 | 1.28 | 10.02 |
| **West** | 12.45 | 10.16 | 1.30 | 7.23 |
| **1984** | | | | |
| **Northeast** | 23.33 | 11.63 | 1.41 | 9.77 |
| **N. Central** | 17.14 | 10.41 | 1.26 | 6.41 |
| **South** | 19.12 | 9.45 | 1.29 | 11.04 |
| **West** | 30.00 | 10.64 | 1.36 | 12.35 |

Source: Restaurant Trends

*Month over prior month year earlier.

*(Continued from page 18)*

overall sales are also registering the highest percentages for McNuggets as a dollar portion of overall product sales mix.

The numbers doublecheck when looked at the other way around, too. Stores with the highest proportion of McNugget sales are those that are making the greatest sales gains.

Making these Restaurant Trends findings look good for at least a while to come are the cross-checks that show that McNuggets sales are holding up without apparent problem in stores that have offered them longest.

Two other findings are notable. One is that the product appears possessed of some rather happy inelasticity. (This refers to sales, not the breaded and deep-fried chunks of white- and dark-meat chicken.)

Chicken McNuggets prices are highest at the units where they're chalking up the best share of overall mix. Potentially, this means the others could up their prices a dime or 15¢ for six-piece servings and maintain or better McNuggets's share.

*'Stores with the highest proportion of McNugget sales are also those that are making the greatest sales gains.'*

The final thing worth picking up from the Restaurant Trends trackings of this product is that it's selling best in the Northeast.

Just why isn't certain. McNuggets have been in stores on the West Coast longer. Perhaps the finger food aspect of the product is more acceptable to a customer base with a more varied ethnic mix.

* * *

Leading the way in second quarter real sales gains among the 18 chains tracked by Restaurant Trends are Wendy's and Taco Bell. Both have been riding the crest of new product introductions.

Others with 10% or better real sales gains measured on an April through June moving average are Ponderosa—chain executives give their 30-ft. salad bar full credit, Burger King, McDonald's and Winchell's.

Struggling hardest are family restaurant operators Denny's and Friendly Ice Cream.

The blessings of economic recovery and continued strength obviously continue to accrue to the fast-food operators with the coffee shops getting the leavings.

Importantly, the big chains sales gains are continuing to run well ahead of those the Commerce Department is reporting for all eating and drinking places.

One reason may be that the chains have continued to resist any temptation to big price hikes. The 18 chains raised prices an average of 2.3% April to June. The increase for all eating and drinking places was a heftier 4.2%. Food stores held the line at 2.6%.

*For further information on Restaurant Trends research, write or phone Carl De Biase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748. 201-671-4444.*


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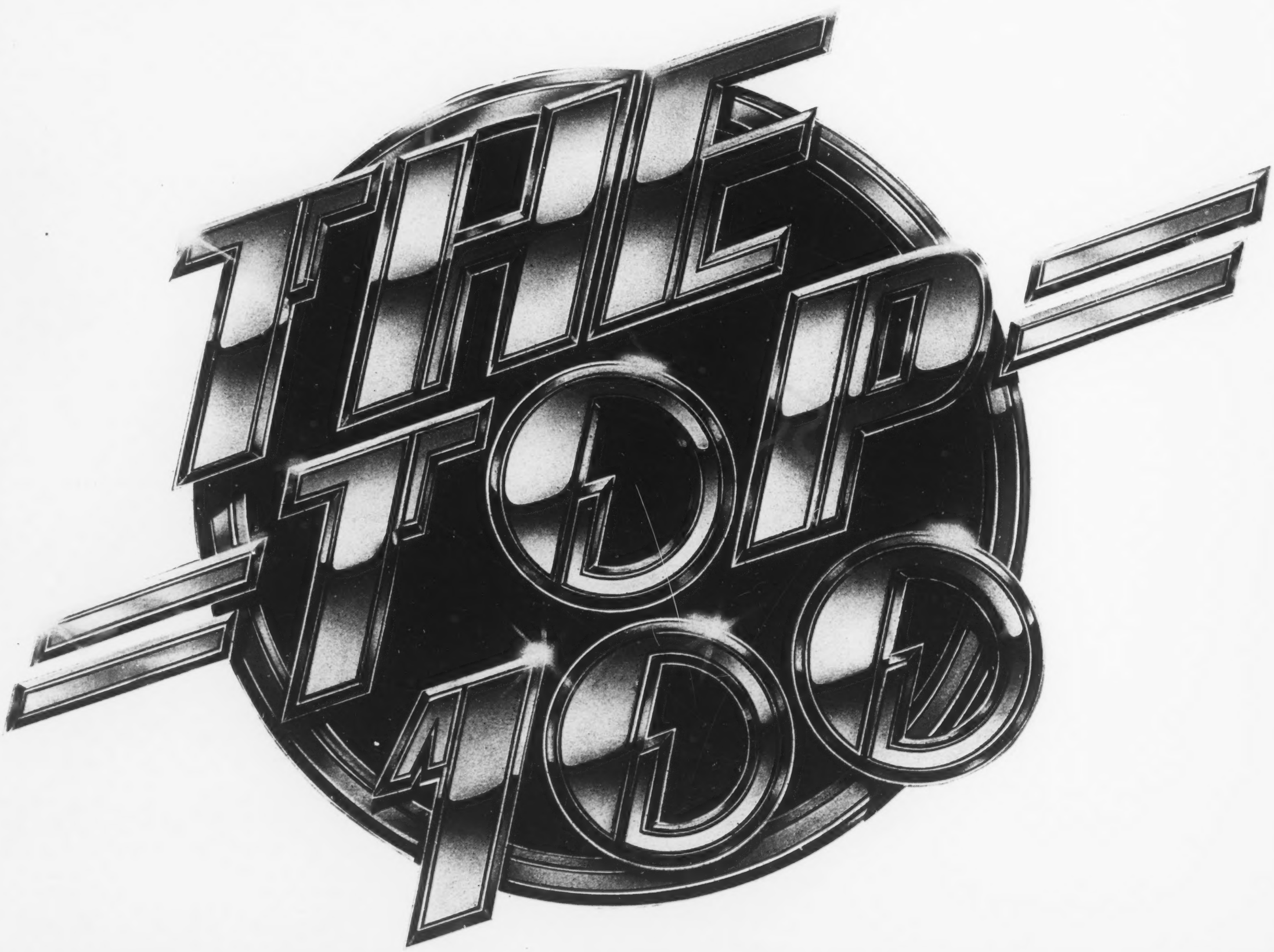
## CHAIN ANALYSIS/PART 1




# THE BIG GET BIGGER

**NRN Special Report**

NEW YORK — Large conglomerates with businesses unrelated to food service and a small number of big chains control a huge share of the food-service industry, according to *Nation's Restaurant News'* annual Chain Analysis report.

Two charts—one ranking The Top 100 Companies by food-service revenue and the other ranking The Top 100 Chains by systemwide sales—show a large chunk of the industry's action controlled by relatively few companies and chains. (The charts are on pages 78-81.)

The Top 100 Companies have projected 1984 food-service revenue of $42 billion, up 14.4% from 1983. That total represents 26.2% of the industry's projected 1984 total sales of $160 billion.

The Top 100 Chains have projected 1984 systemwide sales of $62.1 billion, up 12.2% from 1983. That total represents 38.8% of the industry's projected total sales for 1984.

Nearly half of The Top 100 Companies ranked by food-service revenue are primarily involved in businesses such as tobacco, chemicals, agriculture, grocery products, convenience stores, airlines, real estate and department stores.

There are 44 such companies on The Top 100 list. This year they will ring up $24.7 billion in food-service revenue, or about 59% of The Top 100 Companies' total.

Only three of the top 10 companies—No. 1 McDonald's, No. 8 Denny's and No. 9 Saga—are strictly food-service companies. The others in the top 10 own food-service companies but get most of their revenues from other businesses. They include Pillsbury (grocery products), PepsiCo (soft drinks) and R. J. Reynolds (tobacco, oil, grocery products). Their ranking is based on food-service revenue only.

The top 10 companies control 43% of the Top 100 market; the top 13 companies control 50%, and the top 50 companies, 85.3%.

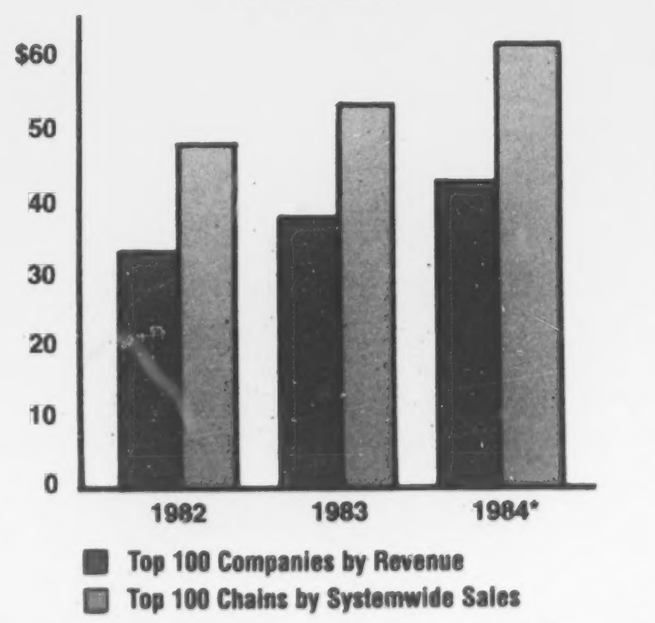
The 14.4% rise in Top 100 Companies' food-service revenue to $42 billion follows a 14.3% rise reported in 1983 over the previous year's figures.

Among individual companies, McDonald's controls 7.85% of The Top 100 Companies' total. No. 2, Marriott Corp., which gets about 70% of its total revenue from food service, controls 5.83% of The Top 100 market with total food-service revenue of $2.45 billion.

They are followed by Pillsbury, parent of Burger King, Steak & Ale and Bennigan's, with a 4.76% share; PepsiCo, parent of Pizza Hut and Taco Bell, with a 4.28% share; Transworld, parent of Canteen, Hilton and Spartan Foods, with a 3.95% share, and ARA Services, the giant contract feeder, with a 3.9% share.

**TOP 100 GROWTH**

(In Billions)




Source: NRN Research

*Projected

rise 12.2% this year over 1983 figures. Last year, sales rose 13.9% over 1982. The Top 100 chains are opening 6,545 new units this year for a total of 96,178, a 7% rise over 1983.

The Top 100 Chains control 38.8% of the total industry, with the top 10 chains showing a lock on about 18% of the total industry and 46% of The Top 100. Seven of the top 10 chains are fast feeders, one (ARA Services) is a contract feeder, one (Denny's) is a family restaurant and one (7-Eleven) is a convenience store.

McDonald's accounts for nearly 6% of total food-service industry sales and more than 15% of the Top 100 sales. Its share of the total industry and the Top 100 is more than twice as large as No. 2 Burger King's.

Kentucky Fried Chicken controls 1.75% of the total industry and 4.5% of the Top 100; Wendy's, 1.5% and 4%; Hardee's, 1.9% and 3%; Pizza Hut, 1.1% and 3%; ARA Services, 1% and 2.6%; 7-Eleven, 0.9% and 2.4%; Dairy Queen, 0.89% and 2.3%, and Denny's, 0.83% and 2.1%.

Thirteen chains have systemwide sales in excess of $1 billion and four have sales in excess of $2.4 billion.

With sales of $1.3 billion, Denny's was the only newcomer to the top 10 chains, moving into the No. 10 spot from No. 11 last year. Hardee's moved up one place to No.5, Pizza Hut dropped one to No. 6 and 7-Eleven jumped two spots to No. 8.

Many of the dramatic moves involved fast-food pizza and Mexican chains: Taco Bell moved from No. 19 last year to 14 this year; Domino's Pizza jumped to No. 27 from 39; Chi-Chi's moved to No. 30 from 43, and Godfather's Pizza moved to No. 37 from 40.

On the Top 100 Companies' list, there was very little movement within the top 20 companies and no newcomers to the top 20. PepsiCo moved up a notch to the No. 4 position and Transworld, parent of Canteen, Hilton and Spartan Foods, moved to No. 5 from No. 6.

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: THE TOP 100

# *A brief look at some chains covered in this section*

### *FAST-FOOD BURGERS*

**McDonald's** lock on the fast-food breakfast market is in jeopardy as other chains roll out breakfast menus. Total sales approach the $10 billion-a-year mark. Page 84.

**Burger King** is rolling out breakfast; stepping up its development of institutional markets and searching for another chain to develop. Page 84.

Where's the beef, salads, baked potatoes, chicken sandwiches, hot apple dumplings, chewy cookies, tuna salad, breakfast and reduced calorie entrees? At **Wendy's.** Page 87.

**Hardee's** launches a national advertising campaign and rolls out several new menu items. Page 87.

**Arby's** has a host of new products to spark a comeback. Page 88.

**Roy Rogers** finally decides on a breakfast menu and looks to in-store feeding, toll-road development and small express units for a greater share of market. Page 88.

**Jack-in-the-Box** is moving away from traditional fast food with a wide variety of new menu items including boxed dinners and a more sophisticated decor. Page 91.

**White Castle's** burgers still sell for only 28¢ but average unit sales are near $1.3 million. Page 93.

With a diversified new menu in place, **Rax** is now stepping up unit expansion. Page 93.

### *FAST-FOOD CHICKEN*

Who says the chicken segment is saturated? Not **Kentucky Fried Chicken,** which is opening a new unit every 21 hours. Page 94.

**Church's** is building mini-stores and looks to them as the key to a turnaround. Page 99.

**Popeyes** is testing a new "upscale" unit with an expanded menu that includes salads, baked potatoes and desserts. Page 99.

**Bojangles** finds that challenging Popeyes for the No. 3 spot is easier said than done. Page 94.

### *FAST-FOOD PIZZA*

**Pizza Hut** is testing a barbecued beef pizza and home delivery, Page 100.

With a rollout of pan pizza just about complete, **Godfathers** is getting ready to test home delivery. Page 100.

Unit expansion is on **Pizza Inn's** agenda with an emphasis on international markets. Page 100.

### *FAST-FOOD FISH*

**Long John Silver's** says goodbye to discounting and couponing, says hello to new products. Page 102.

Breakfast flops at **Captain D's** and other menu expansion yields mixed results. Page 102.

### *FAMILY RESTAURANTS*

**Denny's** may slow expansion as management tries to pay off a large debt incurred in proposed $800 million leveraged buyout. Page 104.

**Marriott's Bob's Big Boy** chain is picking up the pieces after the defection of a 392-unit franchisee. Page 104.

**Howard Johnson's** lackluster 800-unit coffee shop chain still has orange roofs for the most part, and therein lies part of the problem. Page 116.

**Perkins** is ready for modest unit expansion after years of retrenching, but a selloff by parent Holiday Inns is still possible. Page 116.

**Village Inn Pancake Houses** suddenly emerge as a segment powerhouse through acquisitions. Page 118.

**Friendly** is upgrading units and testing a new mini-store concept. Page 118.

**International House of Pancakes** revamps its menu in a turnaround attempt. Page 120.

### *DINNERHOUSES*

**T.G.I. Friday's** is still chasing upwardly mobile young adults but has altered its marketing philosophy. Page 123.

**Houlihan's** jumps on the reduced calorie bandwagon with several new "light" entrees. Page 123.

Some cracks appear in **Chi-Chi's** seemingly invincible armor, but the Mexican dinnerhouse chain is still riding high. New menu items are spicier. Page 124.

New menu items at **El Torito** are designed to boost average checks. The Mexican chain also plans massive expansion. Page 124.

**Red Lobster** is adding new menu items, mesquite grills and lower-priced entrees in an effort to boost traffic. Page 124.

### *FAMILY STEAKHOUSES*

What a difference salads and seafood make: A repositioned **Sizzler** posts gains in customer traffic. Page 126.

**Bonanza's** nonbeef menu items are boosting sales and attracting more "white-collar" customers and women. Page 126.

**Ponderosa** is trying to find out whether consumers will eat breakfast in a family steakhouse. Page 129.

**Golden Corral's** meat-and-potatoes menu mix is evolving to include chicken and fish. Page 129.

### *HOTELS*

**Hilton's** hotel restaurants are reporting high sales from salads, chicken and seafood and it's pioneering reduced-calorie menu offerings. Page 133.

**Hyatt Hotels** may have only one all-purpose restaurant in the future. Page 133.

**Howard Johnson** sees its new full-service Plaza Hotel concept as a way of getting back on track. Page 133.

### *CAFETERIAS*

**Morrison** will add about a dozen new cafeterias and is stepping up development of Ruby Tuesday's and L&N Fish Markets. Page 136.

**Luby's** sets its expansion sights on the West and market leader Furr's. Page 140.

**Picadilly** raises prices for the first time in a while, bringing check averages closer to its competitors' Page 140.

Mike Kelly resigns from Kelly-Johnston, parent of the troubled **Duff's** chain. Page 140.

### *CONTRACT FEEDERS*

In the midest of an attempted takeover battle, **ARA Services** is looking at public restaurants in office buildings, specialty food boutiques on college campuses and take-home foods for workers. Page 143.

**Saga Corp.** is diversifying its restaurant holdings but counts on its massive contract feeding operations to produce cash flow and train managers for its restaurants. Page 143.

### *IN-STORE FEEDERS*

**K mart** is upgrading food service by converting some cafeterias into sandwich shops with burgers, salads and soups. Page 144.

**Woolworth** is experimenting with new concepts and opening franchised Burger Kings in its stores. Page 144.

### *CONVENIENCE STORES*

**7-Eleven** is putting even greater competitive pressure on fast feeders with new takeout products Page 146.

# *RESTAURANT CHAIN INDEX*


ARA Services ..... 78, 143
Arby's ..... 78, 88
Baskin Robbins ..... 78, 130
Bennigan's ..... 78
Big Boy ..... 78, 104
Bojangles ..... 79, 94
Bonanza ..... 78, 126
Brown Derby ..... 79
Burger King ..... 78, 84
Canteen ..... 78, 143
Captain D's ..... 79, 102
Carls Jr. ..... 78, 91
Carvel ..... 79
Chi-Chi's ..... 78, 124
Church's ..... 78, 99
Circle K ..... 146
Coco's/Jojo's ..... 79
Dairy Queen ..... 78, 130
Delaware-North ..... 79
Denny's ..... 78, 104
Dobbs House ..... 78
Domino's ..... 78
Duff's ..... 79, 140
Dunkin' Donuts ..... 78, 130
El Torito ..... 78, 124
Friendly ..... 78, 118
Furr's ..... 78
Godfather's ..... 78, 100
Golden Corral ..... 79, 129
Grandy's ..... 79
Greyhound ..... 78
Ground Round ..... 78
Hardee's ..... 78, 87
Hilton ..... 78, 133
Holiday Inn ..... 78
Houlihan's ..... 79, 123
HoJo ..... 78, 116, 133
Hyatt ..... 79, 133
IHOP ..... 79, 120
Interstate United ..... 78
Jack-in-the-Box ..... 78, 91
K mart ..... 78, 144
KFC ..... 78, 94
Krystal ..... 79
Little Caesar ..... 79
Long John Silver's ..... 78, 102
Luby's ..... 79, 140
Macke ..... 78
Marie Callender's ..... 79, 120
Marriott (contract) ..... 78
McDonald's ..... 78, 84
Mister Donut ..... 79
Morrison ..... 78, 136
Ogden ..... 78
Perkins ..... 78, 116
Piccadilly ..... 79, 140
Pizza Hut ..... 78, 100
Pizza Inn ..... 78, 100
Pizza Time Theater ..... 79
Ponderosa ..... 78, 129
Popeyes ..... 78, 99
Quality Inns ..... 78
Quincy's ..... 79
Ramada Inns ..... 78
Rax ..... 78, 93
Red Lobster ..... 78, 124
Round Table Pizza ..... 79
Roy Rogers ..... 78, 88
Saga ..... 78, 143
Seiler's ..... 79
Service Systems ..... 78
7-Eleven ..... 78, 146
Shakey's Pizza ..... 79
Sheraton ..... 78
Shoney's ..... 78
Show Biz Pizza ..... 79
Sizzler ..... 78, 126
Sky Chefs ..... 78
Sonic Drive Ins ..... 78
Specialty Restaurants ..... 79
Steak & Ale ..... 78
Stouffer's ..... 78
Stuart Anderson's ..... 78
Szabo Food Service ..... 79
T.G.I. Friday's ..... 78, 123
Taco Bell ..... 78, 93
United Air Lines ..... 79
United Air Lines Food Service ..... 79
Viliage Inn-Bakers Square ..... 79, 118
Waffle Houses ..... 79
Walt Disney Productions ..... 79
Wendy's ..... 78, 87
Western Sizzlin Steak Houses ..... 78
Western Steer Restaurants ..... 79
Westin Hotels ..... 78
Whataburger ..... 79
White Castle ..... 78, 93
Winchell's ..... 79
Wyatt ..... 79
York Steakhouses ..... 79


# *Behind the Top 100 charts: Two for the price of one*

**Two large charts listing The Top 100 Chains by total systemwide sales and The Top 100 Companies by total food-service revenue anchor this special section. The charts are on pages 78-79 and 80-81.**

**This is the first time *Nation's Restaurant News* has presented separate sales and revenue charts in its annual Chain Analysis issue.**

**The Top 100 Chains chart for the first time features two separate market share columns for each chain—one showing the per cent share of The Top 100 market and the other showing per cent share of the total $160 billion food-service industry.**

**In addition, chains are ranked by systemwide sales for 1983 and 1984. The Top 100 chains chart also lists systemwide sales for each chain for three years, total number of units at the start of the current fiscal year and projected number of net new units for the current year. Each chain is also identified by its segment.**

**The Top 100 Companies chart lists companies by food-service revenue—sales by company-oper-ated units only plus franchise fees. Key chains operated by each company are also identified as well as revenue figures for three years, projected per cent share of The Top 100 Companies' market, and a projected cumulative share of the Top 100.**

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CHAIN ANALYSIS/PART 1: THE TOP 100

# Diversification: Some swear by it, but doubts linger

Diversification fever is sweeping food service as many major operating companies develop new concepts, acquire existing chains for expansion and enter joint ventures that point them in new directions.

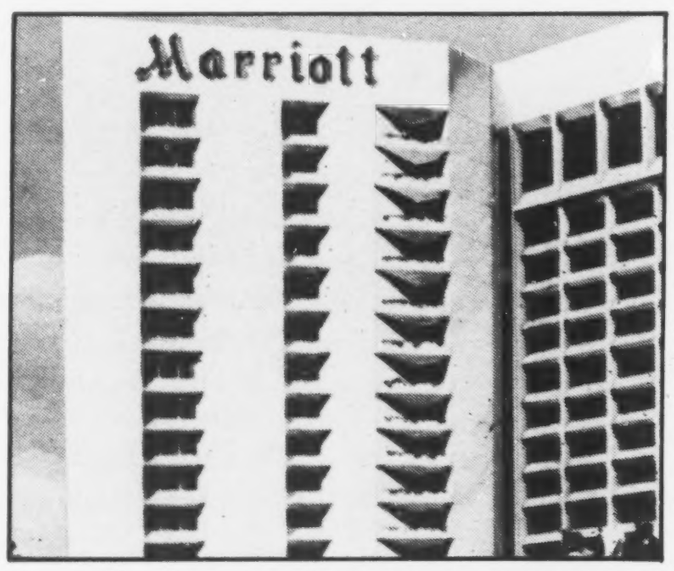
Despite some harsh criticism about the viability of diversification strategies, the rush is on to segment the marketplace and position emerging chains for specific consumer groups and in segments or subsegments with limited appeal.

Among the food-service operators that view diversification as an integral part of their long-term strategic plans are Saga, Marriott, Diversifoods, Vicorp, Collins, the Riese Organization, Shoney's, Horn & Hardart and Morrison.

For some, most notably Saga and Marriott, diversification has been a longstanding policy. Others, such as Vicorp and Collins, are relative newcomers who are using new concepts to supplement strong core chains. But for several, diversification appears almost a last-ditch effort to salvage the remains of outdated concepts.

Victoria Station, which has lost an estimated $16 million in the last four years and has failed to revive its themed dinnerhouses, is the latest chain to jump on the blossoming "upscale" burger bandwagon.

It has developed a concept called Bonkers to compete with a growing number of similar chains in a fledgling segment that is marked by heated competition for sites, customers and employees.



**From Marriott, who is, to Kentucky Fried Chicken, who won't, the question "to diversify or not to diversify" remains one of this industry's most dynamic and widespread topics.**

Beefsteak Charlie's, whose problems (an outdated concept, older restaurants, lost price-value perception among consumers) are similar but much less severe, is testing at least three distinct new concepts, including Daly's Dandelion, which specializes in big burgers with fancy toppings.

Those taking part in diversification contend that having more than one concept offers them protection against problems in any one segment, a chance to respond quickly to changing consumer tastes, operational flexibility, better use of their sites and stronger returns on their investments.

They insist it is not enough for an operator to have all his eggs in one basket, no matter how strong that basket may be, and some even feel that a one-chain approach can be dangerous.

Critics of diversification, however, complain that this fairly recent obsession with market segmentation and niche marketing may be dangerous in itself. They say diversification can erode a company's foundation, confuse customers, dilute marketing, operating and financing efforts and turn a management team into a disinterested keeper of a diversified portfolio, blithely changing concepts as problems appear.

Those who are skeptical of diversification usually point to McDonald's and Kentucky Fried Chicken as prime examples of how a single-minded commitment to one concept, and a very narrowly focused product line, can serve a company well.

Despite all the arguments against diversification, even the most strident critics admit that some companies have succeeded very nicely with a multi-pronged approach.

Marriott, for example, has pursued a diversification strategy since the 1930's when it began selling boxed lunches from its coffee shops to travelers en route to a Washington airport.

Marriott today is a major in-flight feeder, has numerous airport terminal operations, a substantial food-service management business and operates and franchises Roy Rogers fast-food, Casa Maria and Charley Brown's dinnerhouses, Big Boy family restaurants and major hotels.

Saga Corp., with projected 1984 revenues of $1.25 billion, is a major contract feeder that is active in restaurants as well—with Stuart Anderson's Black Angus and Velvet Turtle dinnerhouses, Grandy's fast-food chicken and Spoons big burgers. Saga recently sold its Straw Hat Pizza chain to concentrate on expansion of Grandy's.

One of the most recent companies to pursue diversification in a big way is Vicorp, which for years was a solid if unspectacular operator-franchisor of Village Inn Pancake Houses. Vicorp went public a couple of years ago.

Prior to May 1983, Village Inn operated about 50 pancake houses and franchised perhaps twice that number. Since then, it has acquired 60 Poppin Fresh coffee shops from Pillsbury and changed the name to Bakers Square; bought 71 dinnerhouses from Ralston-Purina's Foodmaker, disclosed its intentions to buy a majority stock interest for cash in The Perfect Pan, operator of six Piret's Country French restaurant-gourmet delis, and signed a letter of intent to acquire 183 Sambo's-owned units.

When the Sambo's and Piret's deals are completed, Vicorp will be a radically changed company with about 80 company operated Village Inn Pancake Houses, 132 franchised Village Inns, 65 Bakers Square units, 80-plus dinnerhouses including 15 Carlos Murphy's, six Piret's and 183 Sambo's that will be converted to its own family restaurants.

Collins Foods, which has done very well over the years with its Sizzler family steakhouses and franchised Kentucky Fried Chicken units, began its diversification drive last year after selling about 29% of Sizzler, repositioning the 451-unit chain with a diversified menu and upgraded decor and overhauling its KFC units.

In rapid succession in recent months, Collins has purchased Gino's East, a high volume Chicago pizzeria it is developing with Richard Melman's Lettuce Entertain You, signed on as a 60% joint venture partner with Melman and Big 4 Restaurants of Phoenix to develop Ed Debevic's, a 1950's-style coffee shop featuring big burgers; bought the rights and trade secrets for Emma's Taco House, and acquired the 10-unit Josephina's Cafe and Pizzeria.

Collins' diversification was not pursued in earnest until the company repositioned its Sizzler chain, which has been resuscitated after a couple of flat years and is enjoying increases in sales and customer traffic. And while developing its new concepts, Collins is opening 36 Sizzlers and six new KFC units during the current fiscal year.

Other moves toward diversification on the part of strong operating companies have yet to yield substantial results. Wendy's is behind schedule with Sisters, its entry in the "upscale" fast-food chicken segment, and Denny's still has not made a significant expansion move with El Pollo Loco, the barbecued chicken chain it acquired last year.

Diversifoods, the giant firm that emerged from the merger of Chart House and Godfather's, is spread across several segments, including dinnerhouses (Chart House), fast-food (franchised Burger Kings), barbecue (Luther's), big burgers (Moxie's) and pizza (Godfather's).

Kelly-Johnston Enterprises recently put the brakes on its explosive growth as a major Chi-Chi's franchisee, perhaps coincidentally after it began developing a new concept, Joe Kelly's seafood, and following its acquisition of Duff's.

In part, diversification is designed to give operators the flexibility to change a concept if a downturn occurs, a strategy that has served the New York-based Riese Organization well over many decades.

Nagging doubts remain, however, about whether diversification is the best direction for so many companies to take.

## *DIVERSIFICATION BY SELECTED FOOD-SERVICE CHAIN OPERATORS*

| Company | Core Segment(s) | Other Concepts |
|---|---|---|
| **Saga Corp.** | Contract Feeder | Stuart Anderson's Black Angus (dinnerhouses); Velvet Turtle (dinnerhouses); Grandy's (fast-food chicken); Spoons (big burgers) |
| **Marriott Corp.** | Contract Feeding<br>Fast Food<br>Family Restaurants<br>Hotels | Roy Rogers (fast food); Bob's Big Boy (family restaurant); Hot Shoppes; Casa Maria (Mexican dinnerhouses); Charley Brown's (dinnerhouses); Hotels |
| **Diversifoods** | Dinnerhouses<br>Fast Food<br>Pizza | Chart House (dinnerhouses); Burger King (fast-food burgers); Godfathers (fast-food pizza); Luther's (fast-food barbecue); Moxie's (big burgers) |
| **Vicorp** | Family Restaurants | Village Inn Pancake Houses (family restaurants); Bakers Square (family restaurants); Piret's (French cafes and delis); Carlos Murphy's (Mexican dinnerhouses); Dinnerhouses (seafood and beef) |
| **Collins Foods** | Family Steakhouses<br>Fast Food<br>Food-service Distribution | Sizzler (family steakhouses)[1]; Kentucky Fried Chicken (fast-food chicken)*; Emma's Taco House (Mexican dinnerhouses); Ed Debevic's (big burgers)[2]; Josephina's Cafe & Pizzeria (dinnerhouses); Gino's East (pizza) |
| **Riese Organization** | Fast Food | Roy Rogers (fast food)*; El Torito (Mexican dinnerhouse)*; Houlihan's (dinnerhouse)*; Godfathers (pizza)*; Häagen-Dazs (ice cream)*; Church's (fast-food chicken)*; Sizzler (family steakhouse)*; Salad Works (sandwiches and salads); Steak & Brew (dinnerhouses); Burger & Brew (dinnerhouses); Charlie O's (dinnerhouses); Chi-Chi's (Mexican dinnerhouses)* |
| **Horn & Hardart** | Fast Food | Bojangles (fast-food chicken); Burger King (fast-food burgers)*; Arby's (fast-food)*; Dinnerhouses |
| **Shoney's** | Family Restaurants | Shoney's (family restaurants); Town & Country (family restaurants); Fifth Quarter (dinnerhouses); Cap't. D's (fast-food fish) |
| **Denny's** | Family Restaurants | Denny's (family restaurants); Winchell's (doughnuts); El Pollo Loco (barbecued chicken) |
| **Kelly-Johnston** | Mexican Dinnerhouses | Chi-Chi's (Mexican dinnerhouses)*; Duff's (cafeterias); Joe Kelly's (seafood dinnerhouses) |
| **Morrison** | Cafeterias | Morrison (cafeterias); Ruby Tuesday's (dinnerhouses); L & N Fishmarket (seafood dinnerhouses); Food-service distribution; (missing copy) |
| **Southern Hospitality** | Fast Food | Wendy's (fast-food burgers)*; Mr. Gatti's (pizza); Ireland's (dinnerhouses); Tempo's (dinnerhouses); Southern Cooker (fast food) |
| **Beefsteak Charlie's** | Dinnerhouses | Beefsteak Charlie's (dinnerhouses); Daly's Dandelion (big burgers and pasta); Nathan Detroit's (barbecued ribs) |
| **Sea Galley Stores** | Fast Food | Sea Galley (fast-food fish); Flakey Jake's (big burgers)[3] |
| **Wendy's** | Fast Food | Wendy's (fast-food burgers); Sisters (fast-food chicken) |
| **Victoria Station** | Dinnerhouses | Victoria Station (dinnerhouses); Bonkers (big burgers) |
| **Restaurant Associates** | Dinnerhouses | (Numerous concepts); Acapulco y Los Arcos (Mexican dinnerhouses)[4] |
| **Investors' Management** | Family Steakhouse | Golden Corral (family steakhouses); Oh! Brian's (ribs); Sirloin Stockade (family steakhouses); Nicho's (Mexican fast food); Fred Gang's (dinnerhouses) |

Source: *NRN* Research; company reports

* Franchised
[1] 71% owned
[2] Joint venture with Lettuce Entertain You and Big Four Restaurants
[3] 40% owned
[4] 43% owned

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## CHAIN ANALYSIS/PART 1: THE TOP 100

# *Fast Food's No. 1 commodity remains convenience*

**By Charles Forman**

For some the hot news of the day will always be the creative antics that somehow get labeled trends. This past spring it was upscale burgers; last year it was pizza and games. Not long ago it was prime rib in a railroad car.

These gyrations, however, mark little more than cheap firecrackers sounding off on a farflung periphery. What then's really happening in today's food-service market?

The numbers published in this section point like an accusing finger to an ineluctable consolidation of the market in the hands of those who sell convenience, the major fast feeders.

It's awesome, the $27 billion in total sales—17% of the whole food-service market—that the top 10 fast-food chains are expected to pile up this year. It represents 44% of the sales the top 100 chains of all types will garner.

The first six chains are all fast feeders. These alone will account for $22.7 billion in sales, 14% of all the dollars that will be spent on food away from home in 1984.

Of those who secured a rung on the top 100 chain ladder, 35 are fast feeders. Eight are family steakhouses and 11 family restaurants, both closely akin to fast-food restaurants in the public's mind.

But the eye keeps going back to the top of the list, to McDonald's, Burger King, KFC, Wendy's, Hardee's, Pizza Hut and, not far below, 7-Eleven, Dairy Queen, Taco Bell and Long John Silver's.

The inescapable and growing dominance of these fast-food concepts forces a series of conclusions about the nature of eating away from home today.

First, the primary driving force in the eating-out market today is convenience.

Fast-food restaurants provide nothing if not an easily accessible meal. Obviously, to continue to enlarge their markets the top chains have to make their offerings even more accessible.

Development of offspring concepts like Whopper Express by Burger King, McSnack by McDonald's, employment of multiple drive-thru windows by Arby's, Carl's Jr. and others, addition of seating in KFC units all signal recognition by these chains of the market's most important demand.

The second conclusion fast-food chains' top-dog position on the list leads to is that, stripped of dressy marketing strategies, the business of the top chains is a variant of commodities trading.

The price of key items on fast-food menus is obviously highly elastic: the burger price wars of this past spring proved that if nothing else

Menu expansion with items like Chicken McNuggets or Wendy's potato entrees are a form of hedging.

And long-term product and marketing strategies are as much geared to projections about the availability of key foodstuffs as they are to changing consumer demand.

It's been obvious for the last year and a half, too, that the top chains were following the lead of industry's major packaged goods companies who long ago turned to colorful wrappings and heavy advertising to establish a brand identification which would promote consumer allegiance to what, without the hype, could be seen as relatively dull, undifferentiated products.

**Fast food's growing dominance points to several conclusions about its future—a future which must always include convenience.**

As blind tastings have proven, it's easier to tell a Whopper, Big Mac or Wendy's Single apart in television commercials than when you're eating them.

Although the restaurant industry is much more than just a playground for the fast-food chains—it is an arena for entertainment, relaxation, romance and just plain good eating—demand seems to be continuing to promote stronger growth for the leaders than for others.

In terms of presence, the top 10 fast-food chains sport 41,296 locations out of the top 100's 89,633. This year these 10 chains will add just over 3,000 units. All the chains on the top 100 will add just 6,545.

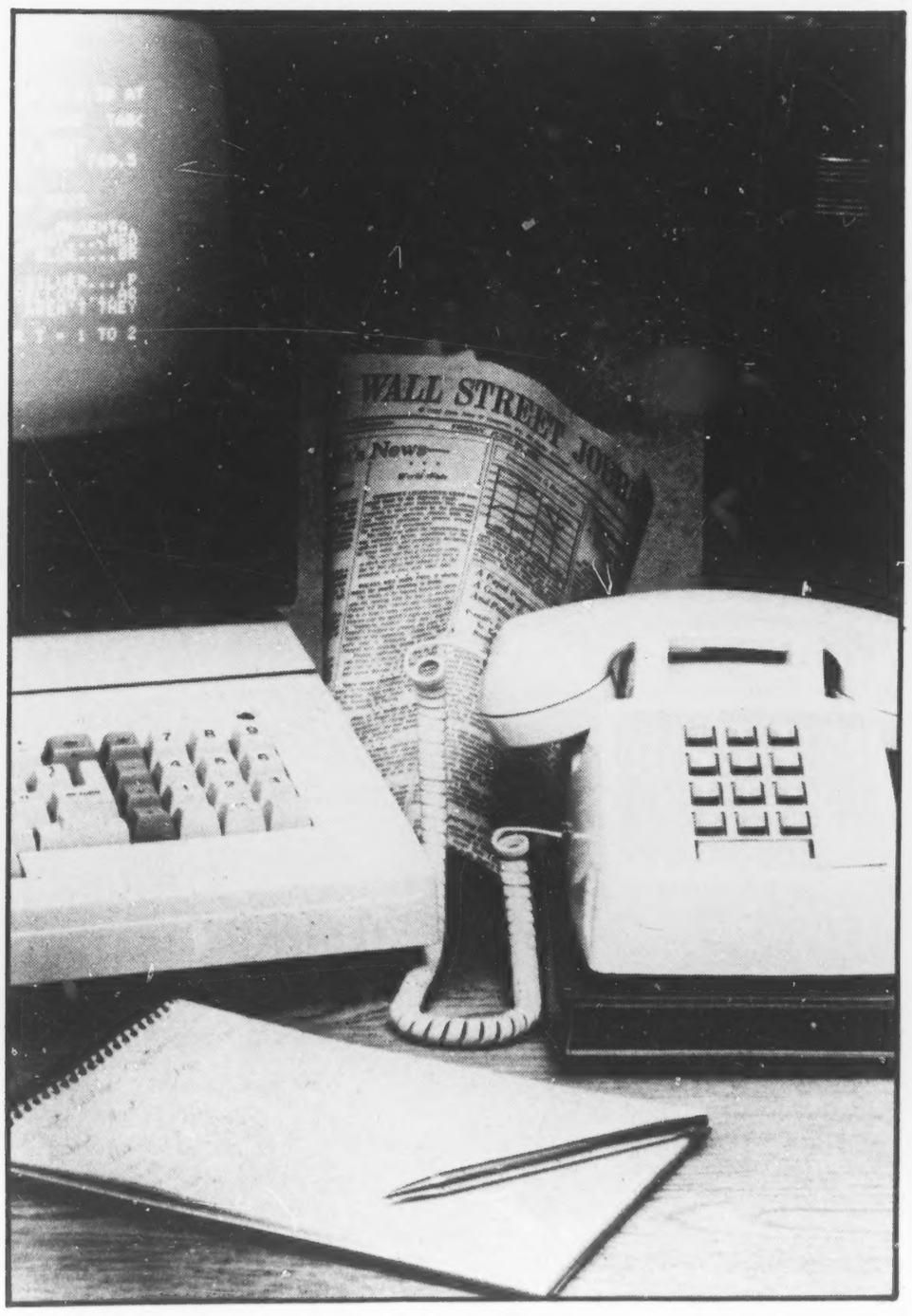
Independent figures show that for the first half of the year real sales (sales minus menu price hikes) for the top fast feeders have been growing appreciably faster than the growth the Commerce Department is reporting for all eating and drinking places.

Does all this mean that we're marching lockstep into a fast-food future?

Not really. It should, however, make restaurateurs of all stripes reflect—as they plot out the future of their businesses—on the really big social and economic forces that are driving the directions eating out is heading in.

Eating out is a fashion business. Competitors do have to show consumers how they are unique. People do want an experience and not just a meal. But the fast-food chains are showing everybody who'll look at the facts that it's really the demand for convenience, especially a convenience suited to contemporary lifestyles, that is shaping the landscape of the business.

# *Wall St.: The center of food-service feast or famine*




**By Rick Telberg**

NEW YORK — Perhaps at no other time in the development of the nation's multiunit food-service industry has Wall Street loomed so large—both as an opportunity and as a threat.

Operators who are, or are part of, publicly held corporations account for about one-quarter of the $160 billion-a-year eating-out industry.

No food-service company has achieved national prominence without resorting to the capital markets at one time or another.

Never before have so many restaurant operators been public. And the number keeps growing year in and year out.

Wendy's has been buoyed by Wall Street's support. ARA Services, now trying to fend off a takeover blitz by William Siegel, may fall victim to Wall Street's twin vices of greed and fear.

But Wall Street, like any free market, has a way of renewing itself.

It may lose Denny's this year if the coffee shop chain goes private, but then capital will be liberated to seek higher returns. Walt Disney Productions may well be worth more broken up, but if the country's assets are allowed to stand idle then the entire economy suffers.

The planned deals for ARA, Denny's and Disney would all be financed through leveraged buyouts, which borrow money to finance the purchase pledging the company's assets and cash flow as security. Often the heavy debt-load can slow capital spending or spell the company's break-up to pay off the notes.

Wall Street—which is really simply a market for the free trade of capital and risk—offers tremendous benefits for both growing and established organizations.

It provides the upstarts with the seed money they so desperately need. It provides visibility for attracting and retaining talent.

And yet Wall Street also poses risks and costs. Bookkeeping expenses can run $250,000 to $500,000 a year in order to comply with full-disclosure rules and Government regulations. It reduces the entrepreneur's stake in his enterprise. And its judgment can be swift and brutal.

Wall Street extends, too, beyond the stock tables. It is a vast financial bazaar where people and organizations exchange debt. Even private companies are dependent on its judgment. The United States Government answers to Wall Street's judgment when Treasury bills are auctioned.

The cost of money for buying equipment in Duluth, Minn., is set by machinations in the southern tip of Manhattan.

Investors large and small have pumped almost $15 billion, measured by market capitalization, into the nation's chain-restaurant business.

The conglomeration of businesses—employed by Marriott, Pillsbury and Saga to name a few—is accomplished often with stock, trading a piece of the action while funds are pumped into enterprise.

The reverse—deconglomeration—happens when the market realizes that capital is being used improperly. For this reason, Transworld Corp. spun off its airline to concentrate on its food-service business.

Money, like water which seeks its level, flows to the highest return. Wall Street is the well.

***'Money, like water which seeks its level, flows to the highest return. Wall Street is the well.'***

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## CHAIN ANALYSIS/PART 1

# *Top 100 Chains (Ranked By Systemwide Sales)*

| 1984 Rank | 1983 Rank | Chain Name | Concept | Parent Company | Systemwide Sales* | | | Number of Units | | Projected Share | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Projected Fiscal Year | Most Recent Fiscal Year | Previous Fiscal Year | Projected Net New Units | Most Recent Fiscal Year | % of Top 100 | % of Total Industry |
| 1 | 1 | **McDonald's** | Burgers | McDonald's | $ 9,500.0 | $ 8,700.0 | $ 7.800.0 | 500 | 7,778 | 15.27% | 5.94% |
| 2 | 2 | **Burger King** | Burgers | Pillsbury | 4,100.0 | 3,400.0 | 2,800.0 | 373 | 3,827 | 6.59 | 2.56 |
| 3 | 3 | **Kentucky Fried Chicken** | Chicken | R. J. Reynolds | 2,800.0 | 2,600.0 | 2,400.0 | 400 | 5,971 | 4.50 | 1.75 |
| 4 | 4 | **Wendy's** | Burgers | Wendy's | 2,496.0 | 1,920.0 | 1,630.0 | 275 | 2,673 | 4.01 | 1.56 |
| 5 | 6 | **Hardee's** | Burgers | Imasco | 1,900.0 | 1,600.0 | 1,400.0 | 215 | 2,083 | 3.05 | 1.19 |
| 6 | 5 | **Pizza Hut** | Pizza | PepsiCo | 1,870.0 | 1,600.0 | 1,300.0 | 150 | 4,300 | 3.01 | 1.17 |
| 7 | 7 | **ARA Services** | Contract | ARA Services | 1,640.0 | 1,560.0 | 1,490.0 | 748 | 2,994 | 2.64 | 1.03 |
| 8 | 10 | **7-Eleven** | Con. Store | Southland Corp. | 1,511.0 | 1,270.0 | 1,086.0 | 150 | 6,962 | 2.43 | 0.94 |
| 9 | 9 | **Dairy Queen** | Ice Cr/Burg | International Dairy Queen | 1,430.0 | 1,290.0 | 1,170.0 | 180 | 4,747 | 2.30 | 0.89 |
| 10 | 11 | **Denny's** | Fam Rest | Denny's | 1,335.0 | 1,190.0 | 1,025.0 | 90 | 1,260 | 2.15 | 0.83 |
| 11 | 12 | **Marriott Contract Food Service**[1] | Contract | Marriott | 1,170.0 | 1,100.0 | 820.0 | 24 | 356 | 1.88 | 0.73 |
| 12 | 8 | **Big Boy**[2] | Fam Rest | Marriott | 1,100.0 | 1,400.0 | 1,100.0 | (325) | 1,250 | 1.77 | 0.69 |
| 13 | 13 | **Sheraton** | Hotel | ITT | 1,009.0 | 1,004.0 | 900.0 | 40 | 1,320 | 1.62 | 0.63 |
| 14 | 19 | **Taco Bell** | Tacos | PepsiCo | 900.0 | 700.0 | 590.0 | 200 | 1,600 | 1.45 | 0.56 |
| 15 | 15 | **Red Lobster** | Dinnerhouse | General Mills | 890.0 | 780.0 | 715.0 | 3 | 367 | 1.43 | 0.56 |
| 16 | 14 | **Holiday Inn** | Hotels | Holiday Inns | 850.0 | 835.0 | 862.0 | 0 | 1,707 | 1.37 | 0.53 |
| 17 | 16 | **Canteen** | Contract | Transworld Corp. | 849.9 | 767.1 | 750.1 | 68 | 850 | 1.37 | 0.53 |
| 18 | 18 | **Saga Contract Food Service** | Contract | Saga | 755.0 | 706.0 | 660.8 | 21 | 866 | 1.21 | 0.47 |
| 19 | 17 | **Hilton (U.S. only)** | Hotels | Hilton Hotels | 750.0 | 717.0 | 662.0 | 20 | 246 | 1.21 | 0.47 |
| 20 | 20 | **Long John Silver's** | Fish | Jerrico Inc. | 733.6 | 677.5 | 555.4 | 60 | 1,355 | 1.18 | 0.46 |
| 21 | 21 | **Arby's** | Roast Beef | Royal Crown Companies | 730.0 | 657.0 | 575.0 | 146 | 1,254 | 1.17 | 0.46 |
| 22 | 23 | **Church's Fried Chicken** | Chicken | Church's | 660.0 | 548.0 | 504.0 | 120 | 1,200 | 1.06 | 0.41 |
| 23 | 24 | **Jack-in-the-Box** | Burgers | Foodmaker | 660.0 | 532.0 | 500.6 | 29 | 816 | 1.06 | 0.41 |
| 24 | 22 | **Ponderosa**[3] | Fam Steak | Ponderosa Inc. | 650.0 | 596.0 | 554.4 | 47 | 659 | 1.05 | 0.41 |
| 25 | 25 | **Marriott Hotels** | Hotels | Marriott | 532.4 | 501.6 | 414.6 | 9 | 131 | 0.86 | 0.33 |
| 26 | 26 | **Western Sizzlin Steak Houses** | Fam Steak | Western Sizzlin Steak Houses | 520.0 | 485.0 | 450.0 | 30 | 650 | 0.84 | 0.33 |
| 27 | 39 | **Domino's** | Pizza | Domino's | 520.0 | 355.0 | 256.0 | 570 | 1,180 | 0.84 | 0.33 |
| 28 | 27 | **Dunkin' Donuts** | Doughnuts | Dunkin' Donuts of America | 518.8 | 475.8 | 434.7 | 100 | 1,250 | 0.83 | 0.32 |
| 29 | 28 | **Service Systems** | Contract | RJR | 510.0 | 475.0 | 280.0 | 100 | 1,500 | 0.82 | 0.32 |
| 30 | 43 | **Chi-Chi's** | Dinnerhouse | Chi-Chi's | 496.0 | 310.0 | 183.0 | 54 | 136 | 0.80 | 0.31 |
| 31 | 29 | **Baskin Robbins** | Ice Cream | Lyons PLC Ltd. | 495.0 | 455.0 | 423.0 | 200 | 2,935 | 0.80 | 0.31 |
| 32 | 33 | **Bennigan's** | Dinnerhouse | Pillsbury | 490.0 | 388.0 | 251.0 | 40 | 149 | 0.79 | 0.31 |
| 33 | 32 | **Roy Rogers** | Burgers | Marriott | 483.3 | 428.0 | 372.3 | 33 | 504 | 0.78 | 0.30 |
| 34 | 30 | **Quality Inns** | Hotels | Quality Inns Int'l Inc. | 473.5 | 444.5 | 350.0 | 111 | 539 | 0.76 | 0.30 |
| 35 | 31 | **Howard Johnsons Rest. and Lodge** | Hotels/FR | Imperial Group | 465.0 | 434.6 | 421.9 | 4 | 52 | 0.75 | 0.29 |
| 36 | 34 | **Sizzler**[4] | Fam Steak | Collins | 443.0 | 387.0 | 353.7 | 74 | 451 | 0.71 | 0.28 |
| 37 | 40 | **Godfather's** | Pizza | Diversifoods | 440.0 | 350.0 | 313.0 | 138 | 887 | 0.71 | 0.28 |
| 38 | 35 | **Shoney's** | Fam Rest | Shoney's | 430.0 | 386.0 | 306.0 | 38 | 390 | 0.69 | 0.27 |
| 39 | 36 | **Friendly Ice Cream Co.** | Fam Rest | Hershey Foods | 415.0 | 383.5 | 335.8 | 35 | 667 | 0.67 | 0.26 |
| 40 | 37 | **Interstate United** | Contract | Interstate United | 400.0 | 372.0 | 361.0 | 0 | 1,400 | 0.64 | 0.25 |
| 41 | 41 | **Westin Hotels** | Hotels | UAL Inc. | 400.0 | 350.0 | 350.0 | (1) | 46 | 0.64 | 0.25 |
| 42 | 38 | **Bonanza** | Fam Steak | USACafes | 386.0 | 369.0 | 352.0 | 50 | 532 | 0.62 | 0.24 |
| 43 | 42 | **Dobbs House** | Contract | Carson, PS | 352.5 | 313.0 | 275.8 | 5 | 355 | 0.57 | 0.22 |
| 44 | 49 | **Carls Jr.** | Burgers | Carl Karcher | 350.0 | 289.8 | 231.0 | 50 | 379 | 0.56 | 0.22 |
| 45 | 47 | **Sky Chefs** | Contract | American Airlines | 325.0 | 294.4 | 262.0 | 2 | 46 | 0.52 | 0.20 |
| 46 | 57 | **Ogden Food Service** | Contract | Ogden Food Service | 325.0 | 250.0 | 220.0 | 10 | 690 | 0.52 | 0.20 |
| 47 | 50 | **Stouffer's** | Hotel/Dinhs | Nestle | 315.0 | 285.0 | 263.0 | 15 | 130 | 0.51 | 0.20 |
| 48 | 64 | **Rax** | Roast Beef | Rax Restaurants | 315.0 | 223.0 | 153.0 | 80 | 370 | 0.51 | 0.20 |
| 49 | 46 | **Greyhound Food Management** | Contract | Greyhound | 310.0 | 296.0 | 296.5 | 0 | 526 | 0.50 | 0.19 |
| 50 | 48 | **Perkins Restaurants** | Fam Rest | Holiday Inns | 310.0 | 290.0 | 270.0 | 6 | 309 | 0.50 | 0.19 |
| 51 | 60 | **Popeyes** | Chicken | A. Copeland Enterprises | 302.0 | 230.0 | 175.0 | 65 | 390 | 0.49 | 0.19 |
| 52 | 44 | **K mart** | In store | K mart | 300.0 | 300.0 | 300.0 | 0 | 1,257 | 0.48 | 0.19 |
| 53 | 58 | **Macke** | Contract | Allegheny Beverage | 300.0 | 237.6 | 214.0 | 0 | 2,000 | 0.48 | 0.19 |
| 54 | 51 | **Steak & Ale** | Dinnerhouse | Pillsbury | 299.0 | 272.0 | 236.0 | 0 | 175 | 0.48 | 0.19 |
| 55 | 45 | **T.G.I. Friday's** | Dinnerhouse | Carlson Companies | 297.0 | 299.0 | 188.0 | 24 | 78 | 0.48 | 0.19 |
| 56 | 53 | **Morrison Cafeterias** | Cafeteria | Morrison Inc. | 295.0 | 261.0 | 242.0 | 11 | 153 | 0.47 | 0.18 |
| 57 | 55 | **Stuart Anderson's** | Dinnerhouse | Saga | 295.0 | 255.0 | 217.3 | 8 | 109 | 0.47 | 0.18 |
| 58 | 56 | **Ramada Inns** | Hotel | Ramada Inns | 283.0 | 250.0 | 228.0 | 4 | 596 | 0.46 | 0.18 |
| 59 | 54 | **Ground Round** | Dinnerhouse | Imperial Group | 282.0 | 256.0 | 223.0 | 10 | 225 | 0.45 | 0.18 |
| 60 | 52 | **Sonic Drive Ins** | Burgers | Sonic | 277.0 | 262.0 | 274.0 | 0 | 975 | 0.45 | 0.17 |
| 61 | 59 | **Pizza Inn** | Pizza | Pizza Inn | 255.0 | 236.8 | 228.9 | 52 | 710 | 0.41 | 0.16 |
| 62 | 62 | **Furr's Cafeterias** | Cafeteria | K mart | 255.0 | 225.0 | 180.0 | 20 | 126 | 0.41 | 0.16 |
| 63 | 67 | **El Torito** | Dinnerhouse | W. R. Grace | 255.0 | 210.7 | 173.2 | 16 | 114 | 0.41 | 0.16 |
| 64 | 69 | **White Castle** | Burgers | White Castle | 238.0 | 210.0 | 193.0 | 20 | 176 | 0.38 | 0.15 |

***(In Millions)**

# FOCUS NRN

## CHAIN ANALYSIS/PART 1

# *Top 100 Chains (Ranked By Systemwide Sales)*

| 1984 Rank | 1983 Rank | Chain Name | Concept | Parent Company | Systemwide Sales* Projected Fiscal Year | Systemwide Sales* Most Recent Fiscal Year | Systemwide Sales* Previous Fiscal Year | Number of Units Projected Net New Units | Number of Units Most Recent Fiscal Year | Projected Share % of Top 100 | Projected Share % of Total Industry |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 65 | 65 | **Krystal** | Burgers | Davenport Family | 237.0 | 220.0 | 196.0 | 30 | 390 | 0.38 | 0.15 |
| 66 | 66 | **International House of Pancakes** | Fam Rest | IHOP | 230.0 | 214.3 | 208.3 | 7 | 458 | 0.37 | 0.14 |
| 67 | 70 | **Captain D's** | Fish | Shoney's | 225.0 | 205.0 | 190.0 | 28 | 426 | 0.36 | 0.14 |
| 68 | 81 | **Little Caesar Pizza** | Pizza | Little Caesar | 225.0 | 175.0 | 125.4 | 286 | 464 | 0.36 | 0.14 |
| 69 | 71 | **Mister Donut** [5] | Doughnuts | International Multifoods | 222.2 | 198.9 | 325.0 | 85 | 585 | 0.36 | 0.14 |
| 70 | 74 | **Village Inn-Bakers Square** [6] | Fam Rest | Vicorp Restaurants | 220.0 | 183.0 | 133.4 | 30 | 242 | 0.35 | 0.14 |
| 71 | 63 | **Walt Disney Productions** | Theme Parks | Walt Disney Productions | 211.1 | 224.5 | 165.8 | 0 | 180 | 0.34 | 0.13 |
| 72 | 79 | **Whataburger** | Burger | Whataburger Inc. | 205.0 | 175.0 | 155.0 | 35 | 330 | 0.33 | 0.13 |
| 73 | 84 | **Golden Corral** | Fam Steak | Investor's Management | 205.0 | 172.0 | 133.0 | 14 | 286 | 0.33 | 0.13 |
| 74 | 72 | **Coco's/Jojo's** | Fam Rest | W. R. Grace | 204.0 | 194.0 | 188.0 | 0 | 194 | 0.33 | 0.13 |
| 75 | 85 | **Duff's** [7] | Cafeteria | Kelly-Johnston | 202.0 | 168.0 | 149.0 | 29 | 144 | 0.32 | 0.13 |
| 76 | 99 | **Bojangles** | Chicken | Horn & Hardart | 202.0 | 126.0 | 76.0 | 150 | 214 | 0.32 | 0.13 |
| 77 | 61 | **Pizza Time Theater** | Pizza | Pizza Time Theater | 200.0 | 230.0 | 215.0 | (75) | 268 | 0.32 | 0.13 |
| 78 | 68 | **Shakey's Pizza** | Pizza | Shakey's | 200.0 | 210.0 | 200.0 | (16) | 453 | 0.32 | 0.13 |
| 79 | 100 | **Grandy's** [8] | Chicken | Saga | 200.0 | 100.0 | 48.0 | 80 | 96 | 0.32 | 0.13 |
| 80 | 76 | **Seiler's** | Contract | Seiler's | 196.0 | 180.0 | 180.0 | 46 | 414 | 0.32 | 0.12 |
| 81 | 73 | **United Air Lines Food Service** | Contract | UAL Inc. | 195.0 | 188.0 | 172.0 | (1) | 24 | 0.31 | 0.12 |
| 82 | 80 | **Wyatt** | Cafeteria | Wyatt Cafeterias | 195.0 | 175.0 | 150.0 | 2 | 117 | 0.31 | 0.12 |
| 83 | 77 | **Delaware-North** | Contract | Delaware North Company | 194.0 | 175.0 | 177.0 | 21 | 184 | 0.31 | 0.12 |
| 84 | 82 | **Piccadilly Cafeterias Inc.** | Cafeteria | Piccadilly Cafeterias Inc. | 194.0 | 174.0 | 153.0 | 9 | 93 | 0.31 | 0.12 |
| 85 | 78 | **Winchell's** | Doughnuts | Denny's | 188.0 | 175.0 | 130.0 | 0 | 865 | 0.30 | 0.12 |
| 86 | 75 | **Hyatt Hotels** | Hotel | Hyatt Hotels Corp. | 187.5 | 180.0 | 150.0 | 3 | 72 | 0.30 | 0.12 |
| 87 | 83 | **United Air Lines** [9] | Contract | Custom Management | 183.2 | 172.8 | 186.5 | 10 | 375 | 0.29 | 0.11 |
| 88 | 92 | **Luby's Cafeterias** | Cafeteria | Luby's Cafeterias | 183.0 | 153.0 | 139.0 | 7 | 70 | 0.29 | 0.11 |
| 89 | 87 | **Round Table Pizza** | Pizza | Round Table Pizza | 180.0 | 158.0 | 148.0 | 100 | 415 | 0.29 | 0.11 |
| 90 | 88 | **Waffle Houses** | Fam Rest | Waffle Houses | 180.0 | 157.0 | 143.0 | 10 | 480 | 0.29 | 0.11 |
| 91 | 86 | **Szabo Food Service** | Contract | Oakbrook Consolidated | 174.0 | 160.0 | 144.0 | 10 | 300 | 0.28 | 0.11 |
| 92 | 98 | **Quincy's** | Fam Steak | Transworld Corp. | 173.0 | 138.3 | 101.4 | 40 | 163 | 0.28 | 0.11 |
| 93 | 90 | **Marie Callender's** | Fam Steak | Marie Callender's | 170.0 | 155.0 | 145.0 | 4 | 101 | 0.27 | 0.11 |
| 94 | 91 | **York Steakhouses** | Fam Steak | General Mills | 170.0 | 155.0 | 168.0 | 0 | 129 | 0.27 | 0.11 |
| 95 | 94 | **Specialty Restaurants** [10] | Dinnerhouse | Specialty Restaurants | 170.0 | 147.8 | 120.0 | 8 | 62 | 0.27 | 0.11 |
| 96 | 96 | **Western Steer Restaurants** | Fam Steak | Western Steer | 170.0 | 145.0 | 128.0 | 20 | 177 | 0.27 | 0.11 |
| 97 | 93 | **Houlihan's and others** | Dinnerhouse | W. R. Grace | 167.0 | 150.0 | 135.0 | 8 | 63 | 0.27 | 0.10 |
| 98 | 95 | **Show Biz Pizza** | Pizza | Brock Hotels | 167.0 | 146.9 | 76.6 | (2) | 211 | 0.27 | 0.10 |
| 99 | 97 | **Brown Derby** | Dinnerhouse | Brown Derby | 166.0 | 145.0 | 127.0 | 0 | 60 | 0.27 | 0.10 |
| 100 | 89 | **Carvel** | Ice Cream | Carvel Corp. | 162.0 | 157.0 | 153.0 | 50 | 799 | 0.26 | 0.10 |
| | | **Totals** | | | $62,196.0 | $55,429.4 | $48,636.4 | 6,545 | 89,633 | 100.00% | 38.8% |
| | | **+ % Change from Previous year** | | | **12.2%** | **13.97%** | | **7.3%** | | | |

Source: *NRN* Research

*** (In Millions)**

## Explanation of Column Headings

**Systemwide Sales:** Total food-service sales from all company-operated and franchised units.

**Projected Fiscal Year:** Estimated sales for fiscal 1984 or fiscal 1985, depending on the chain. Most chains end their fiscal year Dec. 31.

**Most Recent Fiscal Year:** Actual total sales for the most recently completed fiscal year, which in most cases is 1983.

**Previous Fiscal Year:** Actual total sales for the fiscal year before the most recently completed fiscal year.

**Number of Units:** Total number of company-operated and franchised units. In most cases, the number of units is for only the chain name listed even if that chain has other concepts. For hotels, the number of units refers to the number of hotels, not the number of food-service units in those hotels. For contract feeders, the number in most cases refers to the number of contracts. The number of units for the most recent fiscal year refers to the total number of units at the end of the most recently competed fiscal year.

**Projected Net New Units:** The number of new units opening during fiscal 1984 or fiscal 1985, depending on the chain, minus units that will close or be sold.

**Projected Per cent Share of Top 100:** Share of the Top 100 chain market only.

**Projected Per cent Share of Total Industry:** Total estimated industry sales for 1984 ($160 billion) divided by sales for the projected fiscal year of each chain.

## Footnotes:

**1. Includes Marriott's flight kitchens and food-service management contracts.**

**2. Projected sales figures reflect the defection of 392 Shoney's from the Big Boy franchise network earlier this year.**

**3. Projected sales, for the current fiscal year include sales from 19 Casa Lupita Mexican dinnerhouses.**

**4. Sizzler is 71% owned by Collins Foods.**

**5. Sharp drop in systemwide sales reflects the sale of a 413-unit franchise in Japan.**

**6. Projected sales do not include 183 Sambo's-owned units which Village Inn's parent Vicorp is acquiring.**

**7. Duff's was acquired by Kelly-Johnston Enterprises in August 1983.**

**8. Saga acquired Grandy's in first quarter of fiscal 1984.**

**9. Custom Management also owns, operates and franchises 83 Isaly Deli's and 13 Sweet William family restaurants. Isaly and Sweet William sales are not included.**

**10. Host Specialty Restaurants include Casa Maria, Charley Brown's and Charley's Place dinnerhouses.**

# FOCUS NRN

## CHAIN ANALYSIS PART 1

# *Top 100 Companies (Ranked By Food-Service Revenue)*

| Projected Cumulative Share of Top 100 | 1984 Rank | 1983 Rank | Company | Headquarters | Key Concepts | Revenue (In Millions) | | | Projected % Share of Top 100 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Projected Fiscal Year | Most Recent Fiscal Year | Previous Fiscal Year | |
| 7.85% | 1 | 1 | **McDonald's** | Oak Brook, Ill. | McDonald's | $ 3,300.0 | $ 3,000.0 | $ 2,700.0 | 7.85% |
| 13.68 | 2 | 2 | **Marriott Corp.**[1] | Washington, D.C. | Roy Rogers, Big Boy, Hotels | 2,450.0 | 2,100.0 | 1,800.0 | 5.83 |
| 18.43 | 3 | 3 | **Pillsbury** | Minneapolis, Minn. | Burger King, Steak 'n' Ale, Bennigans | 2,000.0 | 1,700.0 | 1,450.0 | 4.76 |
| 22.72 | 4 | 5 | **PepsiCo** | Purchase, N.Y. | Pizza Hut, Taco Bell | 1,800.0 | 1,520.0 | 1,260.0 | 4.28 |
| 26.66 | 5 | 6 | **Transworld Corp.** | New York, N.Y. | Canteen, Hilton, Spartan Foods | 1,660.0 | 1,460.0 | 1,300.0 | 3.95 |
| 30.56 | 6 | 4 | **ARA Services** | Philadelphia, Pa. | Contract | 1,640.0 | 1,560.0 | 1,490.0 | 3.90 |
| 33.89 | 7 | 8 | **R. J. Reynolds** | Winston-Salem, N.C. | Kentucky Fried Chicken | 1,400.0 | 1,200.0 | 950.0 | 3.33 |
| 37.13 | 8 | 7 | **Denny's Inc.** | La Mirada, Calif. | Denny's, Winchell's | 1,360.0 | 1,200.0 | 1,054.6 | 3.23 |
| 40.09 | 9 | 9 | **Saga Corp.** | Menlo Park, Calif. | Contract, Grandy's, Velvet Turtle | 1,245.0 | 1,120.0 | 1,006.2 | 2.96 |
| 43.04 | 10 | 10 | **General Mills** | Minneapolis, Minn. | Red Lobster, York, Good Earth | 1,240.0 | 1,075.0 | 985.0 | 2.95 |
| 45.73 | 11 | 11 | **Southland Corp.** | Dallas, Tex. | 7-Eleven | 1,133.0 | 952.0 | 814.0 | 2.69 |
| 48.11 | 12 | 12 | **Imasco Ltd.** | Montreal, Canada | Hardee's | 1,000.0 | 915.0 | 806.8 | 2.38 |
| 50.24 | 13 | 13 | **Wendy's International** | Dublin, Ohio | Wendy's, Sisters | 894.0 | 720.0 | 607.0 | 2.13 |
| 52.13 | 14 | 14 | **W. R. Grace & Co.** | New York, N.Y. | El Torito, Houlihan's | 795.0 | 710.3 | 633.7 | 1.89 |
| 53.73 | 15 | 15 | **City Investing** | New York, N.Y. | Servomation | 675.0 | 573.0 | 533.0 | 1.61 |
| 55.24 | 16 | 18 | **Ralston-Purina**[2] | St. Louis, Mo. | Jack-in-the-Box | 635.0 | 529.0 | 500.0 | 1.51 |
| 56.66 | 17 | 17 | **UAL Inc.** | Chicago, Ill. | Westin, Contract | 595.0 | 538.0 | 522.0 | 1.42 |
| 58.07 | 18 | 16 | **K mart** | Troy, Mich. | In-Store, Furrs, Bishops | 592.0 | 562.0 | 517.0 | 1.41 |
| 59.44 | 19 | 20 | **Diversifoods** | Itasca, Ill. | Godfather's, Chart House, Burger King | 576.0 | 484.0 | 417.0 | 1.37 |
| 60.73 | 20 | 21 | **Church's** | San Antonio, Tex. | Church's, G.W. Jr.'s | 543.0 | 464.0 | 424.0 | 1.29 |
| 62.02 | 21 | 19 | **Jerrico Inc.** | Lexington, Ky. | Long John Silver's, Jerry's | 542.5 | 496.4 | 454.1 | 1.29 |
| 63.29 | 22 | 22 | **Carlson Companies** | Minneapolis, Minn. | T.G.I. Friday's, Radisson Hotels | 533.0 | 448.0 | 400.0 | 1.27 |
| 64.43 | 23 | 27 | **Shoney's Inc.** | Nashville, Tenn. | Shoney's, Captain D's, Lee's | 480.0 | 397.0 | 337.0 | 1.14 |
| 65.56 | 24 | 28 | **Collins Foods Int'l**[3] | Los Angeles, Calif. | Sizzler, Kentucky Fried Chicken | 475.0 | 395.7 | 325.5 | 1.13 |
| 66.68 | 25 | 23 | **Carson Pirie Scott & Co.**[4] | Chicago, Ill. | Dobbs, Steak 'n' Egg, In-store | 470.0 | 417.4 | 367.7 | 1.12 |
| 67.79 | 26 | 24 | **Morrison Inc.** | Mobile, Ala. | Morrison, Ruby Tuesday | 470.0 | 410.0 | 374.0 | 1.12 |
| 68.83 | 27 | 31 | **Imperial Group** | North Quincy, Mass. | Ground Round, Howard Johnson | 435.0 | 375.0 | 360.0 | 1.03 |
| 69.85 | 28 | 29 | **Ponderosa Inc.** | Dayton, Ohio | Ponderosa, Casa Lupita | 430.0 | 388.0 | 349.0 | 1.02 |
| 70.86 | 29 | 25 | **Hilton Hotels** | Beverly Hills, Calif. | Hilton Hotels | 425.0 | 407.0 | 377.0 | 1.01 |
| 71.87 | 30 | 26 | **Holiday Inns**[5] | Memphis, Tenn. | Holiday Inns, Harrah's, Perkins | 425.0 | 400.0 | 383.0 | 1.01 |
| 72.86 | 31 | 30 | **Hershey Foods** | Hershey, Pa. | Friendly Ice Cream | 415.0 | 383.5 | 335.8 | 0.99 |
| 73.81 | 32 | 32 | **Hanson Trust** | London | Interstate United | 400.0 | 372.0 | 361.0 | 0.95 |
| 74.64 | 33 | 35 | **Davenport Family** | Chattanooga, Tenn. | Krystal, Po Folks, Wendy's | 347.0 | 290.0 | 244.0 | 0.83 |
| 75.46 | 34 | 36 | **Carl Karcher Enterprises** | Anaheim, Calif. | Carl's Jr. | 345.0 | 289.8 | 231.0 | 0.82 |
| 76.27 | 35 | 33 | **Greyhound Food Management**[6] | Phoenix, Ariz. | Contract | 340.0 | 323.0 | 321.0 | 0.81 |
| 77.04 | 36 | 34 | **American Airlines** | Arlington, Tex. | Sky Chefs | 325.0 | 294.4 | 262.0 | 0.77 |
| 77.81 | 37 | 39 | **Ogden Food Service** | Boston, Mass. | Contract | 325.0 | 250.0 | 220.0 | 0.77 |
| 78.56 | 38 | 37 | **Nestle** | Vevey, Switzerland | Stouffer, Cheese Cellar | 315.0 | 285.0 | 263.0 | 0.75 |
| 79.28 | 39 | 38 | **Investor's Management** | Raleigh, N.C. | Golden Corral | 304.0 | 259.0 | 140.5 | 0.72 |
| 80.00 | 40 | 40 | **Alleghany Beverage** | Baltimore, Md. | Macke | 300.0 | 237.6 | 214.0 | 0.71 |
| 80.66 | 41 | 44 | **Domino's** | Ann Arbor, Mich. | Domino's | 280.0 | 191.0 | 128.0 | 0.67 |
| 81.28 | 42 | 53 | **Chi-Chi's** | Louisville, Ky. | Chi-Chi's | 259.0 | 162.0 | 98.0 | 0.62 |
| 81.87 | 43 | 77 | **Vicorp Restaurants**[7] | Denver, Colo. | Village Inn-Bakers Square, Carlos Murphy | 250.0 | 95.6 | 51.2 | 0.59 |
| 82.44 | 44 | 43 | **White Castle** | Columbus, Ohio | White Castle | 238.0 | 210.0 | 193.0 | 0.57 |
| 82.96 | 45 | 42 | **Boddie-Noell Enterprises Inc.** | Rocky Mount, N.C. | Hardee's | 220.0 | 210.0 | 184.2 | 0.52 |
| 83.47 | 46 | 41 | **Walt Disney Productions** | Burbank, Calif. | Theme Parks | 211.1 | 224.5 | 165.8 | 0.50 |
| 83.95 | 47 | 45 | **Custom Management Corp.** | Kingston, Pa. | Contract | 201.5 | 190.1 | 194.6 | 0.48 |
| 84.42 | 48 | 52 | **Riese Organization** | New York, N.Y. | Brew Burger, Chock Full o'Nuts | 200.0 | 170.0 | 150.0 | 0.48 |
| 84.90 | 49 | 58 | **Pizza Inn** | Dallas, Tex. | Pizza Inn | 200.0 | 149.0 | 140.0 | 0.48 |
| 85.36 | 50 | 47 | **Seiler's** | Waltham, Mass. | Contract | 196.0 | 180.0 | 180.0 | 0.47 |
| 85.83 | 51 | 49 | **Wyatt Cafeterias** | Dallas, Tex. | Wyatt | 195.0 | 175.0 | 150.0 | 0.46 |
| 86.29 | 52 | 48 | **Delaware-North Companies** | Buffalo, N.Y. | Sportservice | 194.0 | 175.0 | 177.0 | 0.46 |
| 86.75 | 53 | 50 | **Piccadilly Cafeterias Inc.** | Baton Rouge, La. | Piccadilly | 194.0 | 174.0 | 153.0 | 0.46 |
| 87.20 | 54 | 46 | **Hyatt Hotels Corp.** | Rosemont, Ill. | Hyatt Hotels | 187.5 | 180.0 | 150.0 | 0.45 |
| 87.63 | 55 | 56 | **Western Steer** | Claremont, N.C. | Western Steer | 182.0 | 155.0 | 137.0 | 0.43 |
| 88.05 | 56 | 61 | **Luby's Cafeterias** | San Antonio, Tex. | Luby's | 179.0 | 144.0 | 129.0 | 0.43 |
| 88.47 | 57 | 51 | **Brock Hotels**[8] | Irvine, Tex. | Show Biz Pizza, Houlihan's | 174.6 | 173.0 | 124.0 | 0.42 |
| 88.88 | 58 | 55 | **Oak Brook Consolidated** | Oak Brook, Ill. | Szabo | 174.0 | 160.0 | 144.0 | 0.41 |
| 89.29 | 59 | 59 | **Specialty Restaurants Corp.** | Long Beach, Calif. | Theme Restaurants | 170.0 | 147.8 | 120.0 | 0.40 |
| 89.69 | 60 | 62 | **Shoney's South** | Memphis, Tenn. | Shoney's, Danvers | 167.3 | 143.1 | 122.5 | 0.40 |
| 90.07 | 61 | 54 | **F. W. Woolworth** | New York, N.Y. | In-Store, Burger King | 160.0 | 160.0 | 160.0 | 0.38 |
| 90.44 | 62 | 65 | **Whataburger Inc.** | Corpus Christi, Tex. | Whataburger | 158.0 | 126.0 | 105.0 | 0.38 |
| 90.81 | 63 | 60 | **Restaurant Assoc.** | New York, N.Y. | Acapulco y Los Arcos | 155.0 | 145.0 | 134.0 | 0.37 |
| 91.18 | 64 | 63 | **Chick-Fil-A** | Atlanta, Ga. | Chick-Fil-A | 155.0 | 134.0 | 104.0 | 0.37 |

FOCUS NRN

## CHAIN ANALYSIS/PART 1

# Top 100 Companies (Ranked By Food-Service Revenue)

| Projected Cumulative Share of Top 100 | 1984 Rank | 1983 Rank | Company | Headquarters | Key Concepts | Revenue (In Millions) Projected Fiscal Year | Most Recent Fiscal Year | Previous Fiscal Year | Projected % Share of Top 100 |
|---|---|---|---|---|---|---|---|---|---|
| 91.54 | **65** | 69 | **Horn & Hardart Co.** | New York, N.Y. | Bojangles, Burger King and Arby's | 153.0 | 117.7 | 94.1 | 0.36 |
| 91.90 | **66** | 67 | **Carrols Corp.** | Syracuse, N.Y. | Burger King | 151.0 | 123.0 | 85.2 | 0.36 |
| 92.24 | **67** | 68 | **Bob Evans Farms** | Columbus, Ohio | Bob Evans Farms | 142.9 | 120.1 | 103.5 | 0.34 |
| 92.56 | **68** | 66 | **Harman Management Corp.** | Los Altos, Calif. | KFC, H. Salt Esq. Fish & Chips | 135.0 | 123.0 | 116.0 | 0.32 |
| 92.88 | **69** | 78 | **Kelly-Johnston** | Oklahoma City, Okla. | Duff's, Chi-Chi's Franchise, Joe Kelly's | 135.0 | 95.0 | 41.0 | 0.32 |
| 93.19 | **70** | 70 | **International Dairy Queen** | Minneapolis, Minn. | Dairy Queen, Golden Skillet | 128.4 | 116.7 | 99.3 | 0.31 |
| 93.49 | **71** | 64 | **Intercontinental Hotels Corp.** | New York, N.Y. | InterContinental Hotels | 128.0 | 130.0 | — | 0.30 |
| 93.79 | **72** | 71 | **Caesar's World Inc.** | Los Angeles, Calif. | Casinos, Hotels | 125.0 | 110.0 | 89.2 | 0.30 |
| 94.08 | **73** | 72 | **Brown Derby Restaurants** | Cleveland, Ohio | Brown Derby | 123.0 | 108.0 | 94.5 | 0.29 |
| 94.37 | **74** | 81 | **Winners Corp.** | Brentwood, Tenn. | Mrs. Winners, Wendy's | 120.7 | 88.2 | 83.1 | 0.29 |
| 94.65 | **75** | 95 | **Consul Corp.** | Minneapolis, Minn. | Chi-Chi's | 119.0 | 65.0 | 32.0 | 0.28 |
| 94.93 | **76** | 73 | **Frisch's** | Cincinnati, Ohio | Big Boy, Roy Rogers | 115.2 | 104.7 | 99.8 | 0.27 |
| 95.20 | **77** | 75 | **Royal Crown Companies** | Atlanta, Ga. | Arby's | 115.0 | 100.6 | 83.8 | 0.27 |
| 95.46 | **78** | 80 | **Associated Hosts** | Beverly Hills, Calif. | Smuggler's inn, Bombay Bicycle Clubs | 110.0 | 88.3 | 78.6 | 0.26 |
| 95.71 | **79** | 57 | **Pizza Time Theater** | Sunnyvale, Calif. | Pizza Time Theater | 105.0 | 151.0 | 99.3 | 0.25 |
| 95.96 | **80** | 74 | **Victoria Station** | Larkspur, Calif. | Victoria Station, Bonkers | 105.0 | 101.5 | 112.3 | 0.25 |
| 96.21 | **81** | 82 | **Naugles** | Fullerton, Calif. | Naugles | 105.0 | 86.7 | 55.8 | 0.25 |
| 96.46 | **82** | 86 | **Rax Restaurants** | Columbus, Ohio | Rax | 105.0 | 81.0 | 63.0 | 0.25 |
| 96.71 | **83** | 79 | **ITT** | Boston, Mass. | Sheraton Hotels | 104.0 | 92.0 | 82.0 | 0.25 |
| 96.94 | **84** | 90 | **Circle K** | Phoenix, Ariz. | Circle K, UtoteM | 97.0 | 76.0 | 69.0 | 0.23 |
| 97.17 | **85** | 88 | **Little Caesar Inc.** | Farmington Hills, Mich. | Little Caesar Pizza | 96.1 | 77.8 | 62.1 | 0.23 |
| 97.39 | **86** | 83 | **Sea Galley Stores** | Mountlake Terrace, Wash. | Sea Galley, Flakey Jake's | 93.0 | 86.0 | 70.0 | 0.22 |
| 97.60 | **87** | 87 | **International King's Table** | Eugene, Ore. | Int'l King's Table | 90.5 | 79.5 | 50.0 | 0.22 |
| 97.82 | **88** | 76 | **Beefsteak Charlie's** | New York, N.Y. | Beefsteak Charlie's | 90.0 | 98.2 | 97.1 | 0.21 |
| 98.03 | **89** | 85 | **Dunkin' Donuts of America** | Randolph, Mass. | Dunkin' Donuts | 89.1 | 81.6 | 75.8 | 0.21 |
| 98.23 | **90** | 93 | **Waffle Houses Inc.** | Norcross, Ga. | Waffle House | 85.0 | 72.0 | 64.0 | 0.20 |
| 98.43 | **91** | 89 | **Marie Callender's** | Long Beach, Calif. | Marie Callender's | 83.5 | 76.0 | 68.0 | 0.20 |
| 98.63 | **92** | 92 | **Elias Brothers Restaurants Inc.** | Warren, Mich. | Big Boy | 83.0 | 74.0 | 67.0 | 0.20 |
| 98.82 | **93** | 84 | **IHOP Corp.** | N. Hollywood, Calif. | International House of Pancakes | 80.0 | 82.1 | 98.6 | 0.19 |
| 99.00 | **94** | 94 | **Servico Inc.** | West Palm Beach, Fla. | Holiday Inn's | 75.4 | 65.7 | 54.5 | 0.18 |
| 99.18 | **95** | 91 | **IC Industries** | Chicago, Ill. | Stuckey's | 75.0 | 75.0 | 75.0 | 0.18 |
| 99.35 | **96** | 97 | **Hungry Tiger** | Van Nuys, Calif. | Hungry Tiger | 73.0 | 63.8 | 55.9 | 0.17 |
| 99.52 | **97** | 99 | **Consolidated Products** | Indianapolis, Ind. | Steak 'n' Shake | 72.9 | 63.4 | 58.1 | 0.17 |
| 99.69 | **98** | 98 | **Mr. Steak** | Denver, Colo. | Mr. Steak | 70.0 | 63.8 | 59.8 | 0.17 |
| 99.85 | **99** | 96 | **Marcus Corp.** | Milwaukee, Wis. | Big Boy, Roy Rogers | 65.6 | 64.5 | 63.2 | 0.16 |
| 100.00% | **100** | NR | **J.B.'s Big Boy** | Salt Lake City, Utah | Big Boy | 65.0 | 53.4 | 45.2 | 0.15 |
| **Top 100 Share of Total Food-Service Industry: 26.28%** | | | **Top 100 Totals** | | | **$42,044.8** | **$36,730.5** | **$32,130.0** | **100.00%** |
| | | | **% Change from previous year:** | | | **+14.4%** | **+14.3%** | | |

Source: *NRN* Research

## Explanation of Column Headings

**Key Concepts:** The main chain concepts or type of food service owned, operated and/or franchised by the company.

**Revenue:** Food-service sales by company-operated units plus franchise fees.

**Projected Fiscal Year:** Estimated food-service revenue for fiscal 1984 or fiscal 1985, depending on the company. Most companies end their fiscal year on Dec. 31.

**Most Recent Fiscal Year:** Actual total food-service revenue for the most recently completed fiscal year, which in most cases is 1983.

**Previous Fiscal Year:** Actual total food-service revenue for the fiscal year before the most recently completed fiscal year.

**Projected Per Cent Share of Top 100:** Share of the Top 100 Company market only.

**Projected Cumulative Share of the Top 100:** A running share of market for the companies listed up to each line.

## Footnotes:

1. Figures take into account Marriott's disposal of two theme parks.

2. Ralston-Purina Foodmaker's revenue figures do not include results from Continental Restaurant Systems, a 71-unit dinnerhouse group sold to Vicorp in February 1984.

3. Collins Foods International owns 71% of Sizzler.

4. Figures include revenue from Ridgewells Caterer Inc., which Carson Pirie Scott acquired in April 1984, and revenue from Carson International Hotels.

5. Holiday Inns' revenue includes food and beverage sales at company-operated hotels, Harrah's casinos and Perkins.

6. Greyhound Food Management franchises 29 Burger King units and operates 29 lunch counters at Faber's drug stores, 99 Post House restaurants, six truckstops, 24 food-service management sites in Alaska and Saudi Arabia, 39 food-service units at Glacier National Park, and 69 units in the Belgium-based Restaura division.

7. Vicorp's projected revenue includes annualized sales from 71 company-operated dinnerhouses acquired from Ralston-Purina's Foodmaker in February 1984, but does not include 183-Sambo's-owned units Vicorp is in the process of acquiring.

8. Brock's revenue figures are sales from company-operated ShowBiz Pizza Place and Plaza Suite Hotels and Brock's franchised Holiday Inns.

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: FAST-FOOD BURGERS

***Buoyed by real sales gains, fast-food burger chains rush new products into their restaurants in an attempt to widen their customer bases, build new dayparts and capitalize on shifting consumer tastes. Competition at breakfast is heated and an ad war is just around the corner.***

# *Stately advances masking new period of excitement*

**McDONALD'S**

**By Joe Edwards**

OAK BROOK, Ill. — McDonald's cruises along the fast-food boulevards of the world with such apparent ease that its successes are often taken for granted and its steadiness mistaken for lack of excitement.

But there is excitement at McDonald's. Customer traffic is rising steadily and inflation-adjusted sales growth is about 7% so far this year. Systemwide sales are approaching the $10 billion mark, and the chain's share of the fast-food burger market is increasing.

Most exciting of all for the world's largest restaurant chain is the shape of its international markets, which McDonald's has been cultivating for about 15 years. The chain's investment is finally paying off.

Five of McDonald's international markets (Japan, Australia, Canada, West Germany and Britain) are large enough (more than 1,400 units) and mature enough to offer economies of scale in purchasing and advertising and finally make significant contributions to the bottom line.

By year's end, sales at the 1,740 McDonald's restaurants outside the United States will be about $2 billion, or nearly 20% of total systemwide sales. Operating margins at units outside the United States and Canada are rising and will be about 18% for the year, compared to 26% at domestic units.

**Fred Turner**

While overall physical expansion worldwide has slowed to about 6% a year, more than 40% of the 500-or-so new restaurants McDonald's is building this year are outside the United States. In 1985, new units will be nearly evenly split between the United States and foreign countries.

Not all the news is good: *Nation's Restaurant News* estimates that average unit sales will rise about 6% to $1.23 million this year, but after adjustments for menu price increases real sales growth will be only 1% to 2%, far below the pace being set by Burger King and Wendy's.

But even if traffic remains soft, McDonald's will continue to dominate the market due to its sheer size; by year's end, there will be about 8,200 units worldwide, more than twice the number of Burger Kings and about three times the Wendy's.

Some facts, culled from company and U.S. Department of Commerce reports, are staggering: More than 13 million Americans, or 6% of the population, eat a meal at McDonald's every day; four million persons outside the United States pass through the Golden Arches daily; in 1983, McDonald's controlled 7% of total domestic restaurant business; 17% of domestic fast-food sales; 34% of franchised fast-food burger sales, 18% of franchised restaurant sales, and close to 50% of

*(Continued on page 87)*

***McDONALD'S***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $7.8 | $8.7 | $9.5 |
| Revenue (In Billions) | $2.7 | $3.0 | $3.3 |
| Net Profit (In Millions) | $300.0 | $343.0 | $390.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $1.11 | $1.16 | $1.23 |
| Average Per-Person Check* | $2.80 | $3.00 | $3.15 |
| Number of Units | 7,259 | 7,778 | 8,278 |
| % Menu-Price Increase | 3.0% | 4.0% | 4.0% |

Source: *NRN* Research **NRN* Estimate

# *Market share-hungry No. 2 explores new avenues for growth*

**BURGER KING**

MIAMI — Hungry for additional market share increases this year, Burger King is finally rolling out breakfast and accelerating its development of international and institutional markets.

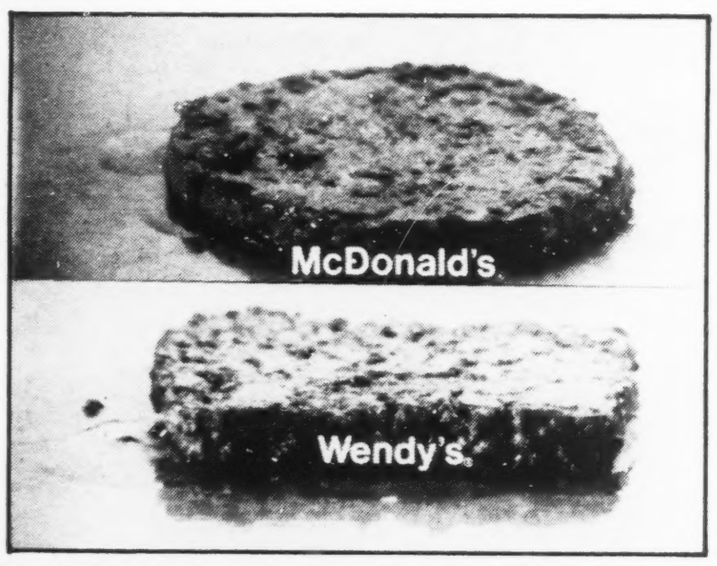
The No. 2 fast-food burger chain also has its eye on diversification, and intends to acquire or develop another "convenience restaurant chain," probably one specializing in pizza, probably within the next few months.

Burger King boosted its share of the Big Three fast-food burger market to 24.3% in 1983 from 22.9% the previous year, according to *Nation's Restaurant News'* estimates. That gain apparently came at the expense of McDonald's, whose own share dropped to 62% from 63.8% in 1982. Wendy's share rose to 13.7% from 13.3% the previous year.

McDonald's, Wendy's and Burger King control about 70% of the total fast-food burger market based on sales of major national and regional chains.

Burger King's impressive gains in market share, systemwide sales (up 21%) and average same store sales (up 11%) were a direct result of its "Battle of the Burgers" marketing effort launched on network TV on Sept. 27, 1982, and an improving economy.

Flush with double-digit, inflation-adjusted real sales growth in each of the last two years, the chain appears ready to go head-to-head with McDonald's in the critical breakfast arena. McDonald's, which has served breakfast since the mid-1970's, controls more than half the fast-food burger chain breakfast market.




**Burger King's impressive gains in systemwide and individual store sales can be directly linked to its multipronged 'Battle of the Burgers' ad campaign launched in 1982.**

Don't be surprised if Burger King uses the same tactics to chip away at McDonald's breakfast share as it used to build overall sales. A "Battle of the Breakfasts" ad campaign may be launched in the next few months to support the rollout of croissant breakfast sandwiches.

Several Burger King breakfast ads attacking McDonald's are already in the can and have been aired on local TV in Hartford, Conn., and a few other markets. By year's end, croissant breakfast sandwiches will be in 2,400 units, and J. Walter Thompson ad agency may be asked to produce other spots for network TV.

Chain officials have not disclosed a timetable for the first breakfast ad "attack" but admit it will probably occur once they have ironed out the remaining kinks in the long-delayed breakfast program and have one breakfast menu in enough restaurants to make network advertising cost-effective.

The basis of such an ad campaign may be a taste test conducted several months ago which showed, according to Burger King and J. Walter Thompson officials, that consumers prefer the taste of Burger King's croissant breakfast sandwiches to McDonald's Egg McMuffins by a 4-to-1 margin.

Croissant breakfast sandwiches are still considered a test item, but franchisee demand for them has been so strong, according to marketing chief Don Dempsey, that they will be in about two-thirds of Burger King's restaurants by December.

Burger King is also testing a breakfast toppings bar where customers can help themselves to syrups, jams, jellies, fresh fruit, salsa, cheese and other fixings for eggs and pancakes. Toppings bars are in place in a small number of units in Hartford, Conn.; Savannah, Ga., and West Palm Beach, Fla.

Hundreds of other Burger King units will offer egg and pancake platters and a breakfast sandwich of egg, ham and cheese on a bun.

On the international front, the chain is pouring millions into European expansion, and expects to have nearly 400 restaurants on the continent by 1987, compared to only 69 at the beginning of this year.

As with breakfast, Burger King is playing catch-up ball with McDonald's in Europe, where McDonald's had 348 units at the start of this year. Burger King's international division moved into new offices in London late last year. William Prather is senior vice president-general manager for Europe.

Burger King's growing interest in institutional markets got a big boost in May when the chain signed a franchise agreement with the Army and Air Force Exchange Services (AAFES), a branch of the Defense Department, to open as many as 185 units on Army and Air Force bases worldwide in the next five years.

The first AAFES-operated unit opens this fall on an American military base in Ansbach, Germany. Burger King also operates a unit on a Coast Guard base in New York and at Navy bases in Pearl Harbor; Norfolk, Va., and New London, Conn.

It is also developing other nontraditional sites through franchise deals: Howard Johnson will have about a half-dozen Burger Kings on toll roads by the end of the year and plans about 40 to 45 others; Woolworth has opened the first of 70 units in or adjacent to retail stores; Truckstops of America has five units at truckstops in the Middle West, and there are about two dozen units at transportation centers.

Burger King posted inflation-adjusted real sales gains of 17% in January, 16% in February and 12% in March.

Average same-store sales at company-operated units, which make up about 15% of the system, reached $1.04 million in fiscal 1984 ended May 31.

***BURGER KING***

**(Fiscal Year Ended May 31)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $2.8 | $3.4 | $4.1 |
| Revenue (In Millions) | $439.0 | $598.0 | $745.0 |
| Average Same-Store Sales** (Units open 12 mos. or more) | $851,000 | $944,000 | $1,040,000 |
| Average Per-Person Check* | $3.00 | $3.00 | |
| Number of Units | 3,255 | 3,827 | 4,200 |
| % Menu-Price Increase | 0.0% | 0.0% | 4.0% |

Source: *NRN* Research **NRN* Estimate

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: FAST-FOOD BURGERS

# *Building of units and menus follow ad momentum*

**WENDY'S**

**By Rick Telberg**

DUBLIN, Ohio — Wendy's is accelerating construction and remodeling expenditures, as well as adding new products and dayparts, in an effort to ride the momentum sparked by "Where's the Beef?" and baked potatoes.

Officials say the third act of octogenarian Clara Peller's saga in search of the perfect pattie will debut this fall in the most expensive single advertising campaign Wendy's has ever staged. It will cost more, they say, than "Where's the Beef?" I and II combined.

Meanwhile, Wendy's is running TV spots pitching its "Garden Spot" salad bar to diet-conscious women. Wendy's ad campaigns are considered the best the chain has aired since "Hot 'n Juicy" began a three-year run in 1977.

With sales and profits running 20% ahead of year-ago levels due to "Where's the Beef?" and baked potatoes, Wendy's officials are openly asking themselves, "Can lightning strike twice?"

If Burger King's success with "Broiling vs. Frying" is an example, it can. But anything less than a 20% gain in fiscal 1984 could be deemed a disappointment among shareholders and franchisees.

With Wendy's own success looming as its own undoing, executives are attempting to capitalize by pouring new millions into the chain.

Capital spending will rise a hefty 60% this year to $130 million as the company builds 100 stores. With another 175 franchised outlets expected, Wendy's plans a total of 275 new restaurants this year compared to 243 last year.

Yet new-store growth remains a relatively modest 10% per year nevertheless, sidestepping Wendy's most difficult problem: Customers cannot find the stores.

With heightened interest in the chain, executives have discovered what they long suspected: Few of their stores are in the best locations. As a result, Wendy's has vowed to move toward penetrating major markets. Nevertheless most development this year will be in existing markets.

To get the most out of what they've got, Wendy's plans to remodel 200 company stores this year, adding solariums to expand living rooms.

Breakfast should be rolled into half the system's 3,000 stores this year, up from roughly 400 now. The ad pitch centers on omelets, waffles and sandwiches that are made-to-order.

Hot apple dumplings and big, chewy cookies, now in about half the system, could be completely rolled out this year.

New salad entrees, using tuna, cottage cheese and wheat buns, are being tested in 100 stores under the "Lite Side" banner. The ad angle touts "less than 300 calories." A do-or-die decision isn't due until the end of the year, but Wendy's is committed to some version of lo-cal marketing.

Between the summertime salads and the autumn's new Clara Peller campaigns, Wendy's could air nationwide ads that snipe at the "processed" chicken used by McDonald's and Burger King in their chicken sandwiches. Wendy's, the ads assert, uses "real" boneless breast of chicken.

***WENDY'S***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $1,630.0 | $1,920.0 | $2,496.0 |
| Revenue (In Millions) | $607.0 | $720.4 | $893.5 |
| Net Profit (In Millions) | $44.1 | $55.2 | $66.2 |
| Average Same-Store Sales (Units open 12 mos. or more) | $703,000 | $759,000 | $911,000 |
| Average Per-Person Check* | $2.15 | $2.35 | $2.50 |
| Number of Units | 2,430 | 2,673 | 2,948 |
| % Menu-Price Increase | 3.0% | 3.0% | 4.0% |

Source: *NRN* Research **NRN* Estimate

# *Specialty rollouts, 'Super Salads' lead market push*

**HARDEE'S**

**By Dave Zuckerman**

ROCKY MOUNT, N.C. — Emphasizing menu variety and product quality, Hardee's—the No. 4 contender in the fast-food burger segment—will be seeking to broaden its market share with a vastly increased advertising budget and innovative new product rollouts.

While burgers continue to account for about 50% of sales, the 2,083-unit chain has built its marketing strategy around specialty sandwiches and biscuit breakfasts in a continuing effort to distance itself from intense burger-segment competition.

A new turkey club sandwich, introduced chainwide earlier this year, has been targeted at growing numbers of health-conscious consumers who are steering clear of high-cholesterol beef items. Hardee's menu also includes a breast of chicken and a fish fillet sandwich in the nonbeef category. Two sizes of roast beef and a hot ham and cheese sandwich round out the chain's specialty sandwich lineup.

Next on the chain's agenda of new products will be salads, an area where Hardee's has lagged behind the competition. But while the majority of fast feeders have embraced the salad bar concept, Hardee's has been busy developing individually packaged "Super Salads" which are currently being tested in two broad market areas.

Viewing salad bars as too labor intensive, difficult to control and essentially unprofitable; Hardee's hopes to capture a wider share of the nutrition-conscious salad market with its more manageable, entree-sized "Super Salads." In addition to avoiding operational pitfalls, the "Super Salads" offer one other major advantage: They can be easily passed through drive-thru windows, where as much as 40% of Hardee's sales occur.

Currently available in three varieties (a chef's salad, chicken fiesta and shrimp and pasta), "Super Salads" should be ready for chainwide rollout by next spring.

### Latest Venture

At the hub of Hardee's marketing effort is the chain's most expansive advertising thrust to date, combining regional coverage with its first-ever network television airtime into a thematically integrated campaign—"It's All Here at Hardee's."

With some 570 of the 700 Burger Chef units acquired from General Foods two years ago now converted, Hardee's has increased its market penetration to 39 states. The bulk of the units, however, continue to be heavily concentrated in the Southeast and upper Midwest with no presence in the Northeast or on the West Coast.

While the move to network television advertising signals the beginnings of a national rather than regional image, Hardee's insists it will stick to its basic regional expansion philosophy and gradually spread out through contiguous market development at the rate of about 12% per year.

"We are No. 1 or No. 2 in most of the markets we're in right now," said parent Imasco USA chairman and ceo Jack Laughery. "We don't need to be in 50 states. There's a lot of room for expansion in our key markets, especially in large metropolitan areas."

**"We don't need to be in 50 states," says chairman and ceo Jack Laughery [above]. "There's a lot of room for expansion."**

***HARDEE'S***

**(Fiscal Year Ended March 30)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.4 | $1.6 | $1.9 |
| Revenue (In Millions) | $806.8 | $915.0 | $1,000.0 |
| Operating Profit (In Millions) | $60.3 | $75.2 | $94.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $723,000 | $771,000 | $820,000 |
| Average Per-Person Check* | $2.10 | $2.15 | $2.20 |
| Number of Units | 1,901 | 2,083 | 2,298 |
| % Menu-Price Increase | 1.0% | 1.0% | 1.0% |

Source: *NRN* Research **NRN* Estimate

# *Fast Food's heavyweight champ stays on top*

*(Continued from page 84)*

the total fast-food burger market.

Some observers believe the reason McDonald's is paying so much attention to international expansion is because the domestic market is saturated, but the chain is making moves that may put to rest all the talk about domestic market saturation.

Though executives play down the importance of developing nonconventional sites in the United States, McDonald's is growing more active in these areas. Look for the chain to plow millions into institutional markets in the United States and Canada in the near future.

McDonald's already operates restaurants at Camp Pendleton Marine base in Oceanside, Calif.; Montreal's Central Rail Station; a Canadian Forces base outside Toronto; Miami Airport; the Toronto Zoo; Philadelphia Children's Hospital; Ohio University, and two high schools in Massachusetts and Florida. In addition, it has toll road units in several states.

McDonald's is also tapping the shopping mall food court market with a test of smaller units called McSnack, which sell items like Chicken McNuggets, ice cream sundaes and french fries, but no burgers. The first McSnack in Minnesota is 400 sq. ft.; newer prototypes are larger and may sell burgers. The first McSnack had sales of $500,000 in its first year; but original investment costs were much lower than an average-sized McDonald's and profit margins much stronger than the 16.1% reported by all company-operated units in the first quarter.

To McDonald's pleasant surprise, new restaurants in small towns and cities are proving to be a bigger hit than expected. McDonald's strategy over the last two or three years has been to build scaled-down units in small towns, but volumes have been up to systemwide averages and most of the smaller units are being expanded.

Experiments with a new drive-thru system have been successful, and the new system is being added throughout the country. The double-drive-thru windows (one for orders, one for pickups) have speeded service and increased drive-thru sales by as much as 50%, according to one estimate. Drive-thru windows generate 35% to 40% of unit sales.

With reports circulating about McDonald's enviable excess cash flow "problem" (about $100 million this year, $200 million by 1986 and $1 billion by 2000), there is growing speculation about a McDonald's acquisition. But a company official scoffed at reports a couple of months ago that McDonald's was interested in acquiring Walt Disney Productions or merging with Holiday Inns.

McDonald's major challenges for the rest of this year will be to develop and begin testing new menu items (from which it will build real sales) and to fight stepped-up competition.

Scratch-made breakfast biscuits are now available in about 2,000 restaurants, and another 3,500 or so units have two new Sausage McMuffin sandwiches. A bacon-and-egg platter is in test in Canada.

McDonald's averages about $221,000 a unit in breakfast sales, and dominates the fast-food breakfast market, but Burger King and Wendy's have innovative breakfast programs that will be in a substantial number of new units by year's end, threatening McDonald's market dominance.

New products are few and far between at McDonald's, but when the chain scores, it scores big. Chicken McNuggets, rolled out last year, account for about 10% of unit sales, with only 4% or so cannibalization of sales of other products. McDon-

*(Continued on page 88)*

FOCUS NRN

## CHAIN ANALYSIS/PART 1: FAST-FOOD BURGERS

# 'Slow Down' theme belies fast-paced marketing plan

**ROY ROGERS**

**By Dave Zuckerman**

BETHESDA, Md. — Behind a new advertising theme which urges consumers to "Slow Down," the 525-unit Roy Rogers fast-food chain is stepping up its pace in the breakfast arena and scouting a host of innovative market possibilities including in-store feeding, toll-road development and inner-city express units.

For the Marriott-owned chain, which has emerged as the sixth largest in total sales among the fast-food burger giants, a new two-pronged breakfast program should finally fill the vacancy in the lucrative morning meal period.

After juggling five breakfast alternatives for more than a year, the 75% company-owned chain appears to have settled on a weekend breakfast buffet teamed with a crescent roll break-sandwich program for weekdays.

A six-month test at 175 stores in the Baltimore-Washington area has proven the program more than viable. According to Roy Rogers vice president Steven Reinemund, breakfast has been generating 15% of all sales in participating units, with about one-half coming on weekends when the chain offers its all-you-can-eat breakfast buffet.

Now available in the Philadelphia market, the breakfast program is slowly being rolled out chainwide with New York stores targeted for installation in the near future. When rollout is completed, Reinemund said, breakfast could add as much as $115,000 to annual per-store volumes (currently running at about $850,000).

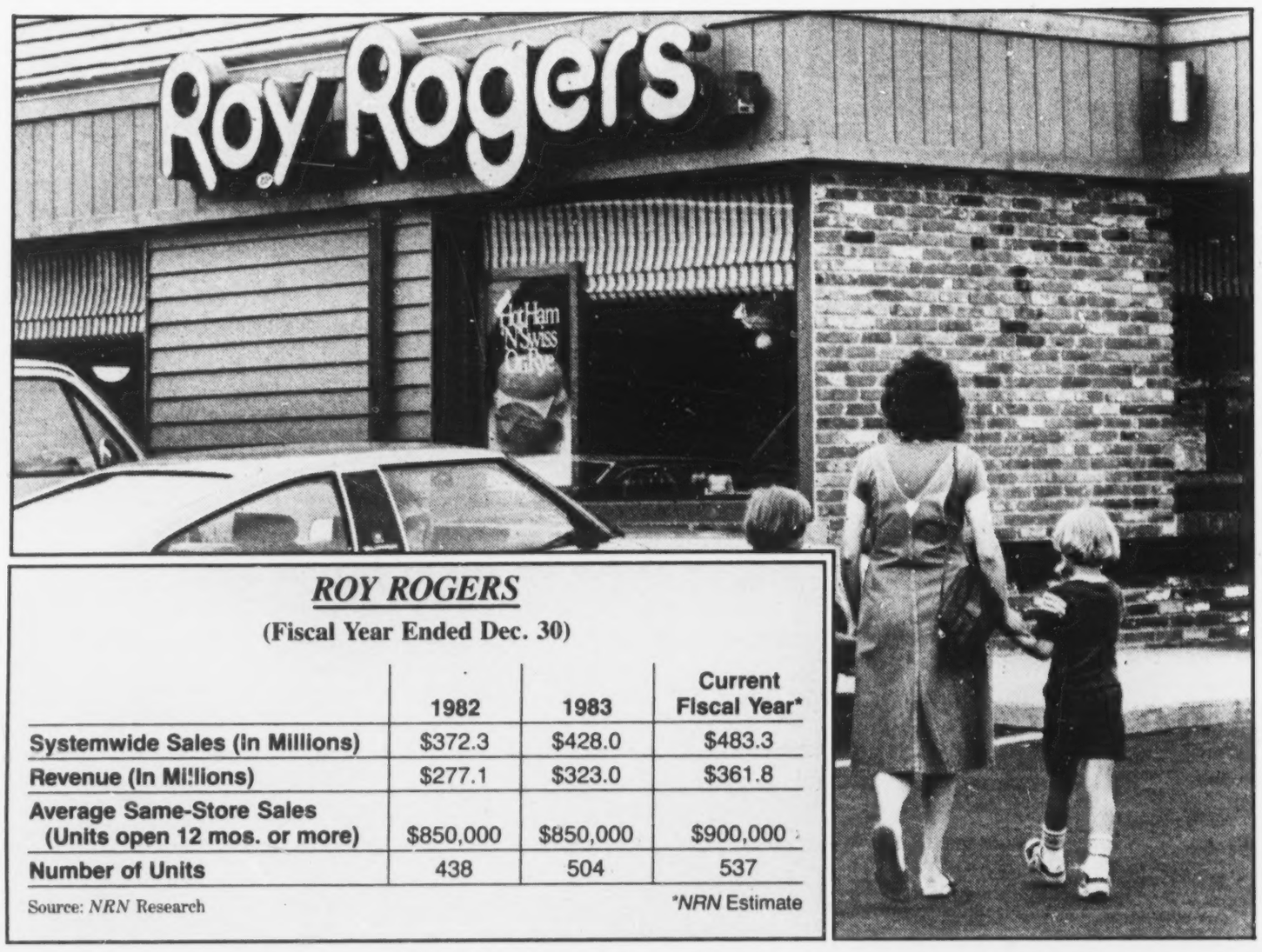
**Steven Reinemund**
*vp, general manager*

Another new product development on the horizon for Roy Rogers is an upgraded salad bar featuring a much wider variety of fresh items such as green peas, shredded cheeses, sunflower seeds and broccoli. The chain also plans to improve its salad dressings.

In the area of new unit development, Roy Rogers will set up shop in "five or six new geographic areas" over the next two years, according to Reinemund, either through new store development or the purchase of existing chains. (The company acquired Gino's in 1982 and converted some 170 units to Roy Rogers.) Roy Rogers units are currently concentrated along the Eastern Seaboard from Washington to Connecticut.

But in addition to opening up new geographic markets, the chain is also finding new market possibilities within its existing geographic areas. A franchising deal signed earlier this year with York, Pa.-based McCrory stores, for example, will inject Roy Rogers into the in-store feeding market for the first time. The chain is now seeking similar opportunities with other stores.

For the inner-city lunch market, the chain has developed a scaled-down Roy Rogers Express prototype, the first of which is now open in the heart of New York's business district on 54th Street and Madison Avenue. Unlike the chain's standard units, the new Express prototype is considerably smaller (1,200 sq. ft.) and offers a more limited menu geared for take-out business.




**In addition to their familiar units, like the one above, Roy Rogers execs are looking for space on Government and military properties, and recently bid for space in Federal office buildings.**

***ROY ROGERS***

**(Fiscal Year Ended Dec. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $372.3 | $428.0 | $483.3 |
| Revenue (In Millions) | $277.1 | $323.0 | $361.8 |
| Average Same-Store Sales (Units open 12 mos. or more) | $850,000 | $850,000 | $900,000 |
| Number of Units | 438 | 504 | 537 |

Source: *NRN* Research

**NRN* Estimate

# New market niche the goal as new menu items roll

**ARBY'S**

ATLANTA — Emphasizing menu diversity which has sparked impressive sales gains over the past year, Arby's will go chainwide with a new baked potato this year and vastly expand testing of a ⅓-lb. charbroiled hamburger currently available in two markets.

Battling to break the bonds of its roast beef-oriented image, the chain has worked to redefine its market niche with one of the most ambitious product development programs in the fast-food sphere.

Croissant breakfasts, salad bars, barbecue platters, and a host of new sandwich offerings have been rolled out in an effort to expand the chain's customer base and upgrade its overall image.

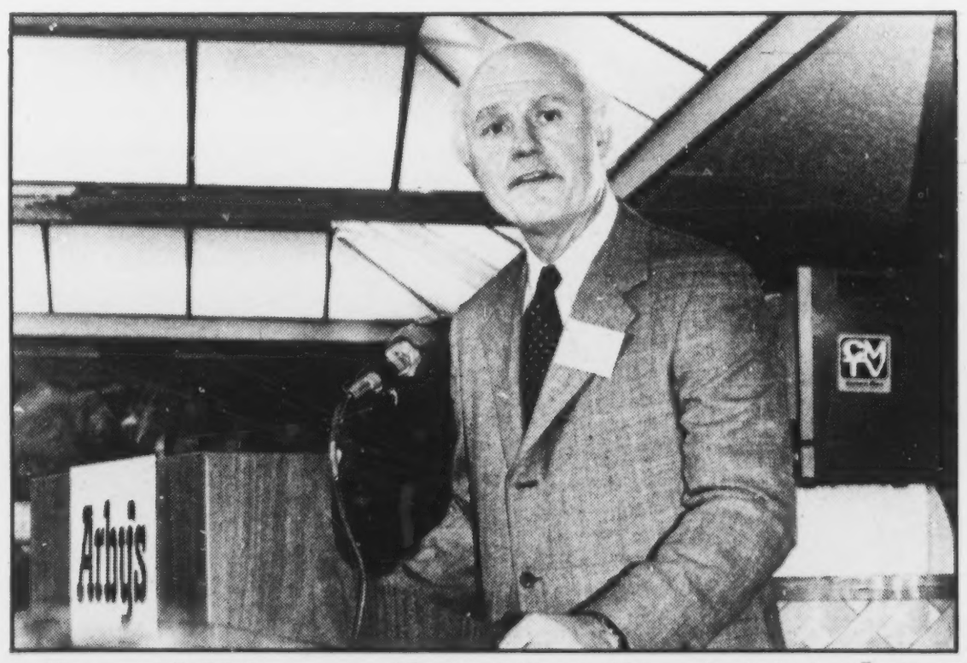
"The roast beef sandwich is a change-of-pace item for most customers and that has always presented a big problem for Arby's," said senior marketing vice president Lawrence Krueger. "Now we're marketing ourselves toward a more general dining experience that can satisfy a wider variety of tastes."

In keeping with its new direction, Arby's is developing a more upscale building design which is currently on the drawing board. The first prototype should appear by January 1985. Remodeling of older units is also a possibility, Krueger said, although no plan has yet been developed.

While Arby's average unit volumes continue to lag far behind its major competitors in the fast-food hamburger segment, the chain is gradually closing the gap as its new marketing stance begins to take hold among consumers. The figure may well surpass the $600,000 mark by the close of fiscal 1984.

A major problem, however, will be in maintaining the momentum that Arby's has gained over the past year.

"We've got so many new products," Krueger said, "that we must be careful not to confuse the consumer. When we relied on a single product [roast beef] marketing was much simpler. Now we have to juggle chicken, roast beef, salad, breakfast, baked potatoes and a host of other items into a single unified message."




**Jefferson McMahon, president of the 1,400-unit Arby's chain.**

***ARBY'S***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $575.0 | $657.0 | $730.0 |
| Revenue (In Millions) | $83.8 | $100.6 | $115.0 |
| Operating Profit (In Millions) | $7.3 | $10.6 | $14.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $475,700 | $550,000 | $600,000 |
| Average Per-Person Check* | $2.16 | $2.19 | $2.25 |
| Number of Units | 1,204 | 1,254 | 1,400 |
| % Menu-Price Increase | 2.5% | 1.5% | 2.5% |

Source: *NRN* Research

**NRN* Estimate

# McD still undisputed king of fast-food hill

*(Continued from page 87)*

ald's is second only to Kentucky Fried Chicken in chicken sales and sells *twice* as much chicken as Church's.

McDonald's is also testing Maple McKrisp, a french toast-like product, at 14 Florida units; soups and salads at 15 Chicago units; preportioned salads at about 70 units in southern California, and a jazzed-up version of the Quarter Pounder (with lettuce, tomato and mayonnaise) at a handful of Florida units.

The installation of multipurpose convection ovens at the 2,000 restaurants selling scratch biscuits tantalizes with new product possibilities.

McDonald's is renegotiating older franchise agreements as original contracts expire. Renegotiated contracts call for franchisees to pay 11.5% of sales in rents and royalties, vs. 8% to 10% under old contracts. The company also owns 58% of the land on which its restaurants are situated.

In the international division, McDonald's is moving to re-establish itself in Paris, where a court suit resulted in the revocation of a franchisee's license. McDonald's is also starting a franchising program in Britain, where earlier this year it bought out its joint venture partner. The chain's first unit in Taiwan is reportedly a big hit—$5 million annual sales.

McDonald's founder and senior chairman Ray Kroc died Jan. 14 at age 81. Other milestones this year: McDonald's served its 50-billionth hamburger and opened its 8,000th restaurant.

Fred Turner is chairman-chief executive and Michael Quinlan is president-chief operating officer of McDonald's.

In the first quarter ended March 30, net profit rose nearly 14% to $75 million on a 14% revenue increase to $758 million compared to year-earlier results. Systemwide sales were up 18% to $2.2 billion without any menu price increase (but including results of new units).

FOCUS NRN

CHAIN ANALYSIS/PART 1: FAST-FOOD BURGERS

# Texas moves signal start of national expansion

**CARL'S JR.**

ANAHEIM, Calif. — The rapidly growing Carl's Jr. system has moved into Texas and begun franchising—on its way toward a five-year goal of full competition in the national fast-food arena.

Meanwhile, the 390-unit chain run by 43-year-old Carl Karcher Enterprises has expanded its pattern of menu-item upgrades and meal service on real plates with metal flatware, recently augmenting its line of charbroiled burgers and specialty sandwiches.

Breakfasts and dinners served by waiters and waitresses, with a new array of family restaurant-style amenities, are helping position the Carl's Jr. concept in a more appealing niche with a broader potential customer base, officials believe.

And recent introduction of the ⅓-lb. Western Bacon Cheeseburger as the purported "biggest burger in fast-food history" has further distinguished the Carl's Jr. image, Karcher marketing specialists say.

On its way toward founder, chairman and chief executive Carl Karcher's goal of 1,000 units from coast to coast and $1 billion in sales by 1990, CKE has left the spacious bounds of California, Nevada and Arizona, gradually adding the Lone Star state to its universe.

Sales of the six restaurants to Karcher and Wiles helped boost net profit for the first quarter of 1985 ended May 18 to $4.5 million, compared with $3.3 million a year ago. Excluding the initial franchise deals, year-to-year net profit was up 9% to $3.6 million. Revenue in the quarter rose 20% to $98.1 million.

Last year CKE's net profit was $11.5 million on sales of $289.8 million.

### Expansion

The first of a dozen or more units to open in Texas by fiscal year end opened in July. The company intends to open some 27 Carl's Jr. outlets within the next two years in the Dallas-Fort Worth area, on the way toward a maximum of 55 stores there (CKE's stated goal is a 50% penetration level in any market it enters within 24 months of entry, in order to gain the "critical mass" necessary for cost effective TV media exposure).

Franchises run by those chosen from some 300 applicants will join the initial company units in Texas next year. For now, franchising is being analyzed in California, where former CKE senior vice presidents Bernard Karcher and Gary Wiles took over a total of six units in May. A third franchisee began operating another seven former company units in the San Francisco area in July.

According to company projections, 30% to 40% of the 1,000 units expected by next decade would be franchised.

Beyond such Texas cities as with franchisees into Colorado, southern Oregon, New Mexico, Amarillo, Lubbock, Wichita Falls, Tyler and Waco, CKE has its sights set in the short term on initial forays in tandem Oklahoma, Louisiana and Florida, as well as a greater penetration into northern California.

While expanding physically, CKE is also expanding its menu horizons. Four charbroiled dinner platters (steak, chicken, trout and ground beef) were rolled out last year at a $2 million start-up cost, and, at about $4 each, now produce approximately 6% of all sales. Marketing to achieve greater customer awareness of dinners will increase the dinner sales percentage, the company says.

Customers will be offered hot cakes, scrambled eggs, and a new selection of four upgraded breakfast combo platters.

Coffee mugs will replace styrofoam cups as an added breakfast amenity, just as premium table condiments and iced tea refills were added when the dinner items were unveiled.

CKE has long been considered a fast-food bellwether by some industry analysts, who point to such Carl's Jr. breakthroughs as the first fast-food salad bars and the first carpeted dining areas.

Staying ahead of the game continues to be a company preoccupation. And the apparent immediate maturity of new Carl's Jr. units (opened with the dinner program built in from the start) bodes well for future menu refinements and chain expansion.

On an annualized basis, recently opened units should average about $1.2 million in annual sales, compared to a new unit average of $958,000 last year, and $792,000 in 1982.

Comparatively, same-store unit averages are projected at just under $800,000 this year (for units in which the plate-service concept was retrofitted).

***CARL'S JR.***

**(Fiscal Year Ended Jan. 27)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $231.0 | $289.8 | $350.0 |
| Revenue (In Millions) | $231.0 | $289.8 | $345.0 |
| Net Profit (In Millions) | $9.8 | $11.5 | $14.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $685,700 | $767,300 | $795,000 |
| Average Per-Person Check* | $3.12 | $3.42 | $3.75 |
| Number of Units | 342 | 379 | 400 |
| % Menu-Price Increase | 5.1% | 4.6% | 4.0% |

Source: *NRN* Research **NRN* Estimate

# No clowning around in aiming for new clientele

**JACK-IN-THE-BOX**

**By Richard Martin**

SAN DIEGO — Continued new-product sophistication and specialization strategically aimed at a "nonMcDonald's" young adult clientele is paying off in big ways for Jack-in-the-Box.

And with the solid backing of a transformed parent company, Ralston Purina, the 800-plus unit fast feeder should flourish—and perhaps grow dramatically—in 1985.

Testing of a barbecue dinner-in-the-box item, a barbecue sandwich, and a line of deli-style croissant sandwiches foreshadows an extension of the successful string of new menu-item introductions in recent years which has helped boost average unit sales some 30%—to about $800,000—since 1982.

Analysts believe Ralston Purina, internally strengthened over the last two years by streamlining divestitures and the repurchase of 25 million shares of its own stock (worth about $750 million at current market value) may be ready to bolster its Foodmaker subsidiary with the acquisition of a major quick-serve chain or concept—or both—to replace the 71-unit dinnerhouse division sold last February.

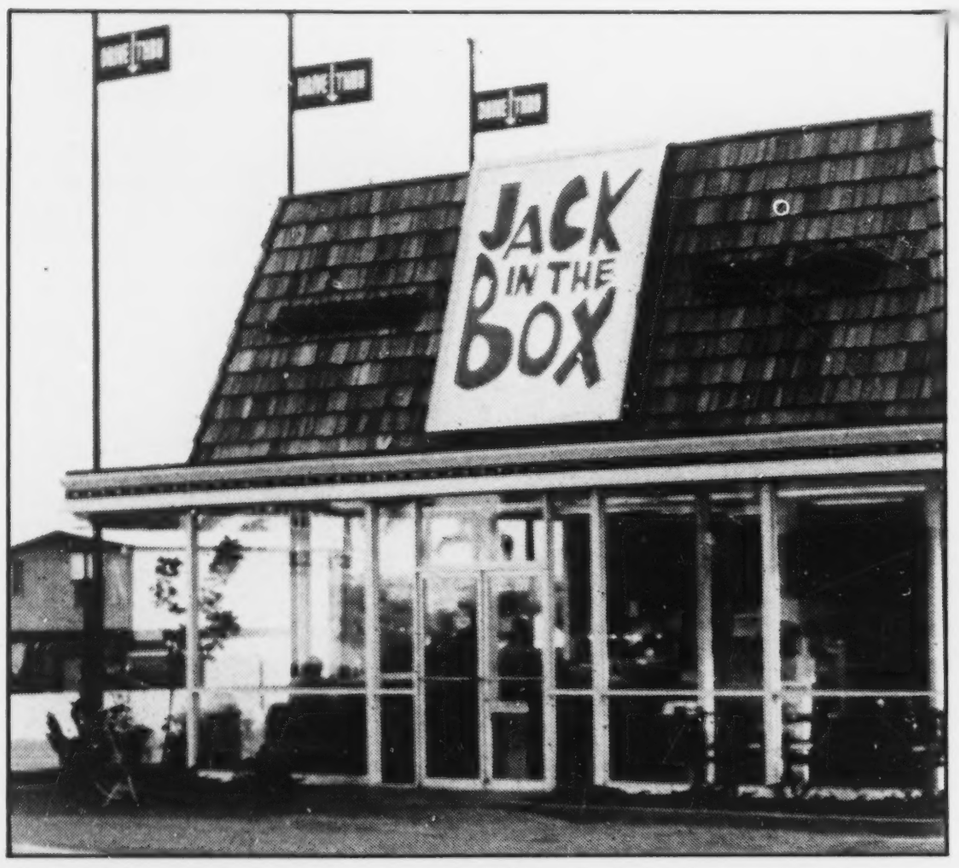
In fiscal 1983, a 25%-plus operating profit surge and growth in estimated return on assets to at least 20% helped earn Jack-in-the-Box the single largest block of capital improvement funds allocated by Ralston Purina among its various holdings for fiscal 1984 ending next month.

Foodmaker president Jack Goodall has spent the $69 million on about 25 new company-operated units and on continued chainwide upgrades to completely submerge the "plastic clown" look of old.

Bentwood chairs, brass rails, butcherblock-look tables, stained-glass-style lamps and ficus trees now make adult fast-food sophisticates feel more at home in Jack-in-the-Box outlets into which they've been enticed by droll, hip TV advertising and upgraded food offerings.

Efficiency and speed of service were also purchased, in the form of $15 million worth of "smart" cash register/order-entry systems, installed throughout the chain over the last two years.

But perhaps more than from any other element, Jack-in-the Box has prospered form its refined menu mix with a specialized appeal in each meal period—highlighted on one of fast food's best designed menu boards.




**One of the new-look Jack-in-the-Box units, above.**

**The original menu with a Jack-in-the-Box clown. In trying to attract young adults, the clown is being phased out.**

Breakfast from 6:30 to 10 a.m. features four kinds of egg-cheese-breakfast meat croissant sandwiches ($1.45 and $1.55); scrambled eggs, bacon, hash browns and muffin ($1.89); pancakes and bacon ($1.49), and an egg-and-cheese Breakfast Jack sandwich (available anytime) for $1.29.

Lunch, snack and late night customers can choose from burgers, jumbo burgers and fish fillet sandwiches from 65¢ to $1.75. Or they can move up a notch to four "Supreme Sandwiches," each $2.09, including a bacon cheeseburger on a special poppyseed roll, a hot ham and cheese sandwich, a swiss & bacon burger on grilled rye, or a pocket pita sandwich stuffed with turkey, ham, bacon, lettuce and tomato, and offered with a choice of four sauces, including onion-flavored mayonnaise.

Lighter appetites and health concerns are addressed with "Supreme Salads"—shrimp ($2.89), taco ($2.49), and chef ($2.59)—offered with either thousand island, blue cheese, reduced calorie French or buttermilk house dressings.

Dinner-in-the-box items, sold from 4 p.m. in carry-out boxes with wedge fries, garlic bread and green salad, include sirloin steak ($3.59), fried shrimp (15 for $3.39) or fried white meat chicken strips (five for $3.19).

Ethnic appetites have choices at 85¢, 99¢, $1.39 and $1.89 including a taco, a super taco, a jalapeño-and-spicy cheddar-sauced nachos item, and a "Supreme" nachos dish, including seasoned beef, beans and diced tomatoe.

Fries (59¢ and 79¢), onion rings (85¢) and a hot apple turnover (50¢) conclude the food offerings. Coffee, lowfat milk, orange juice, sodas and shakes range from 40¢ to 80¢, completing the menu.

Not saddled with a single-product identity like some burger chains, Jack-in-the-Box remains free to continue adapting new food trends—limited perhaps only by kitchen- and menu-size constraints.

The chain itself appears poised for a new round of physical expansion, after having pruned out and sold off nearly a fourth of its restaurants from its 1979 high of more than 1,000. As many as 70 company-operated units could be back-built into existing markets in fiscal 1985

Foodmaker, now purely a fast-food specialist since the spinoff of its lower-margin dinnerhouse operations, expects to see its move to specialization validated with a fourth consecutive year of record-breaking profits at the end of the fourth quarter next month.

***JACK-IN-THE-BOX***

**(Fiscal Year Ended Sept. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $500.0 | $532.0 | $660.0 |
| Operating Profit (In Millions) | $39.5 | $50.5 | $56.3 |
| Average Same-Store Sales (Units open 12 mos. or more) | $613,000 | $700,000 | $800,000 |
| Number of Units | 784 | 816 | 855 |

Source: *NRN* Research **NRN* Estimate

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## CHAIN ANALYSIS/PART 1: FAST-FOOD BURGERS

# *Shift to building stores after fine-tuning menu*

**RAX**

COLUMBUS, Ohio — After years of reformulating and then fine-tuning its menu mix, Rax Restaurants will apparently depend on a more traditional means of fueling growth—building stores.

The up-and-coming chain began a massive menu overhaul in late 1982, adding baked potatoes and soups to the salad bars it had in place since 1979.

New sandwiches, such as a turkey-bacon club and roast beef with onions and peppers, were added. Today, 40% of the chain's sales come from its signature roast beef sandwiches. It has no burgers.

### Strong Sales

Sales per unit, expected to top $830,000 this year, have grown 40% since 1982. And, with 450 units expected this year, the chain is 2½ times the size it was four years ago. Franchise commitments, if all are fulfilled, could double the chain's size by the end of the decade.

This summer, Rax is attempting to get its money's worth of its salad bar equipment by featuring an assortment of fresh fruit. Customers pay the standard $2 for a 12-in. platter at the all-you-can-eat "endless" salad bar.

In addition, Rax is touting "great shakes," a richer mix topped with fresh fruit. Priced at under $1, it began with strawberry, evolved into blueberry and should finish its run at the advent of fall with a chocolate-chip topping. Marketers do not tout the fact one shake contains 700 calories.

Breakfast, tested in two versions, has been shelved, officials say, because Rax would be unable to compete with a distinguishable edge against the national chains.

The latest new product is a fish sandwich, priced at $1.59, served with a lemon wedge for extra panache. During Lent it pulled 7% of sales. If it falls below 2% it will be pulled.

But the pace of new product rollouts is expected to slow. Rax now has almost everything on its menu that its competition has except fried chicken and burgers, providing what executives feel is a marketable point of difference.

With greenhouses on the street-side of most units now, Rax will apparently attempt to consolidate its position as an adult fast-food chain.

***RAX***

**(Fiscal Year Ended July 30)**

| | 1983 | 1984* | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $153.0 | $223.0 | $315.0 |
| Revenue (In Millions) | $63.0 | $81.0 | $105.0 |
| Net Profit (In Millions) | $2.4 | $3.8 | $4.9 |
| Average Same-Store Sales (Units open 12 mos. or more) | $681,000 | $761,000 | $837,000 |
| Number of Units | 244 | 370 | 450 |

Source: *NRN* Research — *NRN Estimate

# *Taking a big gamble on a systemwide upscale renovation*

**TACO BELL**

IRVINE, Calif. — Taco Bell is looking to roll. Company strategic planners are gambling cash and reputations that a massive systemwide upscaling will transform the giant fast-food Mexican chain into a front-line force in fast food.

Already a major player in the fast-food stakes as an integral part of PepsiCo's food-service family, Taco Bell expects systemwide sales to grow by more than 25% this year to about $900 million as a result of the first phases of its heavily funded, systemic metamorphosis.

Destined to touch virtually all of its 1,800 existing units (at a cost of about $175,000 each) and radically alter the form and function of newly constructed stores, Taco Bell's plan would boost fast-Mexican right into the competitive mainstream now dominated by fast-food burger and chicken chains.

The anticipated synergism would include a number of elements now being deployed nationally on a market-by-market basis, including:

- Revamped decor packages and crew uniforms for existing stores.
- A tastefully redesigned logo and new signage.
- Continuation of building/kitchen expansions and drive-thru retrofits.
- New menu boards to glorify product upgrades and menu-mix refinements.
- Massive increases in advertising to launch new menu-item innovations.

Taco Bell boosted its media budget 171% this year to $38 million, making it the fifth-largest advertiser in fast food. Recent rollouts of Nachos BellGrande ($1.99) and taco salad ($2.89), plus a Star Trek III tie-in appear to have made effective use of the company's promotional war chest.

Taco Bell expects per-store average sales to rise by about $100,000 this year over last, as a result of the recurrent "Just Made For You" ad theme, the new product intros, and a concerted effort by the regime of president John Martin to make stores operate with an efficiency of service equal to the company's marketing efforts.

Moreover, introduction of taco salad this summer was expected to give the chain a major boost by attracting women in greater numbers into a customer base formerly dominated by men.

Projections placed incremental sales gains from the launch of the 18¾-oz. salad alone at about 30%. Nachos BellGrande reportedly bumped up average unit sales by nearly 15%. Platter combos scheduled for rollouts next year would be followed by Mexican accented breakfast items to further broaden Taco Bell's market, according to estimates.

Moreover, Taco Bell expects to build up to a new-unit construction pace of from 300 to 400 new stores per year (costing about $650,000 each) over the next three years. Already in virtually every major market in the country, the chain would expand its presence dramatically and would reach into new territories from such an accelerated development schedule.

The insatiable appetite of consumers for Mexican food, and an evolution in taste preferences toward complex, spicy flavors, have been perceived by Taco Bell marketing executives, bolstering their expectations for the chain.

***TACO BELL***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $570.0 | $710.0 | $900.0 |
| Revenue (In Millions) | $314.0 | $400.0 | $490.0 |
| Pretax Profit (in Millions) | $40.0 | $46.0 | $63.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $400,000 | $460,000 | $550,000 |
| Number of Units | 1,489 | 1,660 | 1,850 |
| % Menu-Price Increase | | | 3.5 |

Source: *NRN* Research — *NRN Estimate

# *Making a stronger showing after 60 years, 200 units and no franchises*

**WHITE CASTLE**

COLUMBUS, Ohio — White Castle, the little wonder of the fast-food burger segment, is celebrating 60 years in business with average sales at its nearly 200 units pushing $1.3 million.

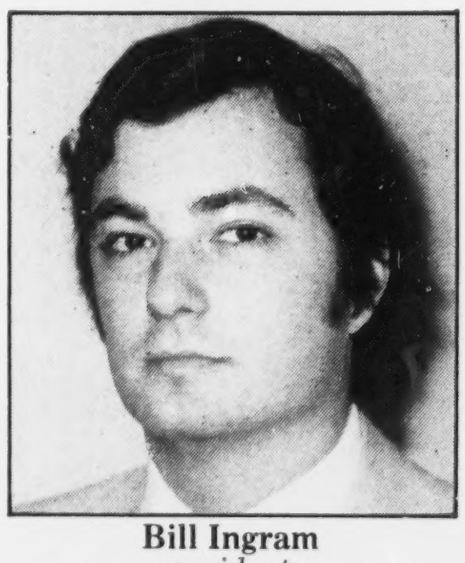
That's a remarkable figure, outpacing segment leader McDonald's, and is even more impressive because the chain's signature menu item is a tiny burger that sells for 28¢.

But that little burger is an institution in White Castle's markets in the upper Midwest and Northeast. The chain's customers are a fiercely loyal group, a point driven home in White Castle's recent testimonial-style ads.

Firmly committed to a very limited menu, White Castle nevertheless is testing a 59¢ chicken sandwich in 13 Ohio units. The breaded and fried chicken patty is served on a hamburger bun with lettuce and tomato.

In a handful of Cincinnati and Minneapolis area units, a turkey sandwich was added last year. White Castle also has a fish sandwich, fries and beverages.

New units are about 1,500 sq. ft. in size compared to the 2,700-sq.-ft. units the chain was building several years ago. The smaller units cost about 30% less to build and have break-even sales point about $100,000 less than the larger units. About 20 are opening this year.



**Bill Ingram**
*president*

White Castle maintains a policy of no franchising. Its decentralized operations leave some marketing, promotions and new product decisions in the hands of area managers.

Bill Ingram, president and chief executive whose family founded and controls White Castle, says no major menu diversification drive is planned because the chain "is not in a hurry to increase unit sales."

White Castle's philosophy, he adds, is to "maintain the standards and improve the service at the units. Our biggest challenge is to make all the employees aware of what the customer wants: A good product at a fair price and fast service."

***'White Castle maintains a policy of no franchising. Its decentralized operations leave some marketing, promotions and new product decisions in the hands of area managers.'***

***WHITE CASTLE***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year |
|---|---|---|---|
| Systemwide Sales (In Millions) | $193.0 | $210.0 | $238.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $1.13 | $1.21 | $1.28 |
| Average Per-Person Check* | $2.31 | $2.42 | $2.51 |
| Number of Units | 170 | 176 | 196 |

Source: *NRN* Research

FOCUS NRN

# CHAIN ANALYSIS/PART 1: FAST-FOOD CHICKEN

***KFC dominates the fast-food chicken market with more than 6,000 units and a 50%-plus market share. That lock is becoming even more secure with KFC's massive unit expansion program. Meanwhile, smaller chains are battling each other for regional market dominance.***

## *A 50 per cent share of the market surely means they do chicken right*

**KFC**

**By Joe Edwards**

LOUISVILLE — Kentucky Fried Chicken is trying to boost its 50%-plus share of the domestic fast-food chicken market with a breakneck expansion pace that this year is bringing one new restaurant into the system every 21 hours.

At the same time, the 6,300-unit chicken chain is building larger restaurants with three times as many seats as a typical unit in an attempt to encourage eat-in dining and woo new customers, especially at lunch. The bulk of KFC's sales are from takeout dinner business.

KFC is also spending $60 million on television advertising this year, vs. $49 million in 1983, to drive home its claim that "We do chicken right." And it is making a special effort to attract more Hispanic customers.

The expansion strategy is designed partly to show that the domestic market is neither saturated nor approaching saturation. Chairman-chief executive Richard Mayer, in fact, contends that many areas of the United States are actually "under-developed" when it comes to fast-food chicken restaurants.

**Richard Mayer**

The experiment with the 155-seat units, which have an "upscale" decor and freestanding tables and chairs, is KFC's attempt to capture higher unit sales and to compete more effectively with a slew of newer chicken chains such as Mrs. Winners and Grandy's.

So far, KFC has had little trouble responding to its new competition. When Popeyes and then Bojangles showed that New Orleans-style chicken and side dishes are popular outside the South, KFC added its own spicy chicken in some urban markets. It was also late with scratch-made biscuits, rolled out last summer, but in both instances KFC came up with winners.

Biscuits are generating 8%-10% of unit sales, much of its incremental, and KFC has been posting real sales gains (sales adjusted for inflation) for several years.

KFC dominates the fast-food chicken segment. Its closest competitor, Church's Fried Chicken, has only 1,400 units and a mere 7% share of the market. In fact, the second largest seller of fried chicken is not Church's, but McDonald's with its Chicken McNuggets.

Parent R. J. Reynolds, convinced that Mayer is right when he says saturation is not a problem, last year budgeted $100 million for KFC to open at least 1,000 new company-operated units worldwide by the end of 1988. In that same period, franchisees will open 1,200 new units.

This year alone, KFC is adding more than 400 restaurants, bringing its worlwide total to nearly 6,400 by December. Of that number, about 1,000 are company-operated and more than 1,500 are in 50 foreign countries.

KFC, the second-largest food-service chain in number of units behind McDonald's, is concentrating domestic expansion in Tampa, Dallas, San Antonio, Phoenix, Houston, Baltimore, Washington and Philadelphia. About 100 units are being built in the Baltimore area and about 90 in the Washington area.

Overseas, much of the expansion will take place in Great Britain, Puerto Rico and the Far East.

At the beginning of this year, KFC was operating 526 companies units and franchising 974 units outside the United States, making it one of the largest American-based chains on foreign shores. By year's end, there will be a total of 6,371 KFC units worldwide.

Meanwhile, the chain has been stepping up its training programs to staff its new restaurants. A career advancement program has cut turnover dramatically and is preparing hourly workers for unit-level management positions.

Average same-store sales at company-operated units rose 7% to $524,800 at the end of 1983. Franchised same-store sales rose to $425,000 in 1983, up from $389,200 a year earlier.

Despite huge increases in the wholesale cost of chicken, KFC has not raised menu prices since 1982, when it took a 3% rise. Average per-person checks actually dropped 4¢ to $3.31 in 1983.

Franchisees are reporting success with a systemwide remodeling program that was first instituted at company-operated units. Jim Collins, chairman-chief executive of Collins Foods, KFC's largest franchisee with 251 units, says sales jump 19% each time he remodels and older unit at a cost of $92,000.

**KFC is bringing in a new restaurant every 21 hours.**

***KENTUCKY FRIED CHICKEN***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year |
|---|---|---|---|
| Systemwide Sales (In Billions)* | $2.4 | $2.5 | $2.8 |
| Revenue (In Millions) | $670.0 | $774.0 | $896.0 |
| Average Same-Store Sales (Units open 12 mos. or more)** | $489,200 | $524,800 | $566,000 |
| Average Per-Person Check | $3.35 | $3.31 | $3.31 |
| Number of Units*** | 5,779 | 5,971 | 6,371 |
| % Menu-Price Increase | 3.0% | 0.0% | 0.0% |

Source: *NRN* Research

*Systemwide sales for domestic units were $1.7 billion in 1982 and $1.87 billion in 1983; international sales were $668 million in 1982 and $708 million in 1983. Revenue from company-operated domestic stores was $415.7 million in 1982 and $498 million in 1983.

**Figures for company-operated domestic units only, which totaled 936 in 1982 and 998 in 1983. Average same-store sales at franchised units were about $100,000 less in each year. Company-operated international units reported average same-store sales of $550,800 in 1982 and $523,800 in 1983.

***Breakdown for number of units; in 1982, 936 company-operated domestic units, 3,457 franchised domestic units, 460 company-operated international units, and 926 franchised international units; in 1983, 998 company-operated domestic units, 3,473 franchised domestic units, 526 company-operated international units, and 974 franchised international units.

Collins, which operates about 50 KFC's in Australia, is using that continent as "a beachhead" for expansion in the Far East. Collins also is opening several larger units in California and is testing breakfast at a 100-seat KFC in Los Angeles. KFC does not yet have a breakfast program.

In markets with large Spanish-speaking populations (Miami, New York, San Diego, Houston, San Antonio and Corpus Christi, Tex.), KFC is aiming ads and promotions at Spanish-speaking residents.

Pop singer Jose Feliciano has signed on as spokesman. KFC sponsored the Puerto Rican Day Parade in New York and the Little Havana Carnival in Miami.

KFC earlier this year identified Puerto Rico as one of its under-developed markets and plans expansion there.

Mayer recently named Donald Doyle, an 11-year veteran, president of KFC-USA.

## *Fighting the mainstream competitors with expansion, more new menu items*

**BOJANGLES**

NEW YORK — While plotting a 70% physical growth rate, Bojangles' chicken-and-biscuit chain is apparently finding tough competition not only against fried chicken chains but also against fast-food's mainstream.

Last summer, the chain reacted against McDonald's Egg McMuffin with its own Eggbo Biscuit, now reportedly taking 5% of sales at breakfast. The product was recently reformulated, dropping ham for bacon, in the Florida market.

The latest new product, introduced in February, is a chicken filet biscuit sandwich, reportedly earning a 10%-to-12% mix of sales.

Two more new products are scheduled for this year, one set for unveiling this summer, the other during the winter.

The chain, headquartered in Charlotte, N.C., but owned by New York-based Horn & Hardart Co., finds almost 40% of its sales in breakfast, which yields an average check of $1.75. Other dayparts average $3.50.

H&H acquired the chain in November 1981 for $11 million when there were 52 outlets. At the end of 1983 there were 214 units, 115 of them franchised, yielding systemwide sales of $126 million.

With development earmarked this year in Texas, Florida, Maryland and Virginia, Horn & Hardart expects 150 new units to be opened, all but 30 to 40 franchised. That could boost systemwide sales to $202 million.

**Large signs, like the ones above, tell about Bojangles breakfast offerings. Trying to break into the mainstream has been tough.**

***BOJANGLES***

**(Fiscal Year Ended December)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $76.0 | $126.0 | $202.0 |
| Revenue (In Millions) | $41.5 | $6,801.0 | $108.8 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $0.95 | $1.05 | $1.10 |
| Average Per-Person Check* | $2.72 | $2.80 | $3.08 |
| Number of Units | 120 | 214 | 364 |
| % Menu-Price Increase | 3.0% | 3.0% | 7.0% |

Source: *NRN* Research

**NRN* Estimate

FOCUS NRN

CHAIN ANALYSIS/PART 1: FAST-FOOD CHICKEN

# 55-store chain puts pressure on KFC, Church's

**POPEYES**

By Joe Edwards

JEFFERSON, La. — While exerting pressure on fast-food chicken segment leaders in some key markets, Popeyes Famous Fried Chicken is taking steps to solidify its No. 3 position against such fast-track newcomers as Bojangles and Grandy's.

Breakfast is now served in 181 of the chain's 455 units and will be rolled out systemwide by next year. Popeyes is testing a large unit with a nonplastic, "upscale" decor and salad, dessert and baked potato bars. In addition, there is growing speculation that the chain will go public soon to raise expansion capital.

With only 55 restaurants, Popeyes is no match for the 6,300-unit Kentucky Fried Chicken and the 1,400-unit Church's for share of total market. In head-to-head competition, however, Popeyes' units demonstrate an ability to draw more customers than its larger competitors.

One multiunit KFC franchisee ruefully admitted recently that when a Popeyes unit opens near one of his restauants, his volumes drop off.

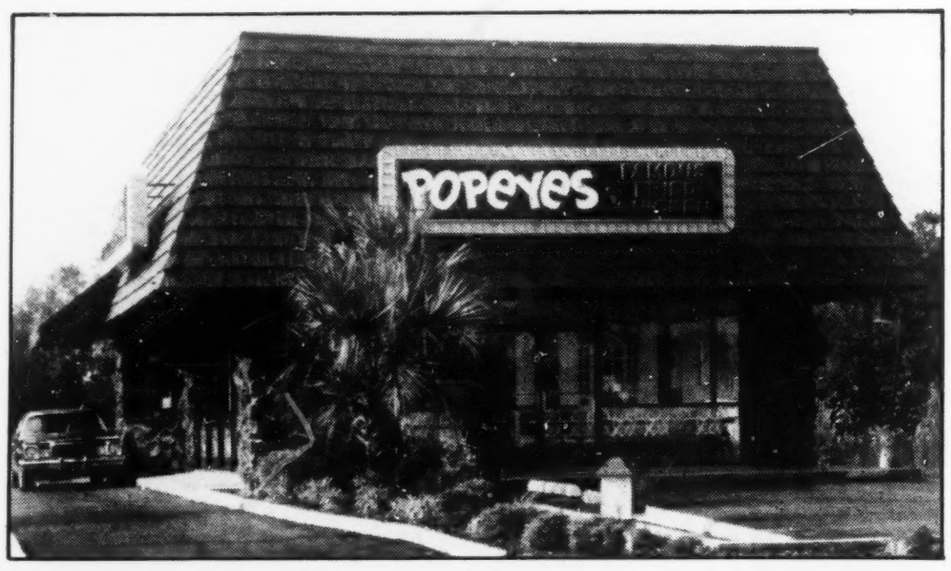
Popeyes' average unit sales for fiscal 1984 ending Oct. 29 will be $750,000, about $300,000 more than the averages at Church's and franchised KFC units. But Popeyes customer counts have been flat this year—the 5% rise in unit volumes came entirely from menu price hikes.

One reason for Popeyes' high unit volumes is high menu prices: Check averages are $3.90, about 60¢ more than KFC and 40¢ higher than Church's. But Popeyes apparently has a competitive edge in some markets, particularly those with large black and Hispanic populations, because of its offerings—a fast-food version of spicy, Cajun-style chicken and side dishes.

Systemwide sales will rise 31% to $302 million during the current fiscal year, due mostly to contributions from 65 new restaurants that opened since last November. Operating profits are up about 19%.

Popeyes, meanwhile, like other chicken chains, is coping with another round of wholesale chicken price hikes which are squeezing margins and may be responsible for further menu price increases that could drive average per-person checks over the $4 mark in the near future. In July, the chain was paying about 69¢ a pound for chicken.

"We took a small price increase several months ago to offset some of that," explained franchising vice president Terry Rhoton when asked about the 25¢- to 30¢-a-pound hike in wholesale chicken prices last winter. "It has affected margins a little bit, but we're still operating on high volumes."




**Nationwide, Popeye's is no match for Kentucky Fried Chicken or Church's, but in some markets units have higher volumes.**

Popeyes main strategy appears to be to fend off increasing competition from a host of newer chains, especially Bojangles, Mrs. Winners, Grandy's and Sisters, each of which is looking to expand nationally.

Some of them have been posting impressive average unit volumes—often in excess of $1 million—with full breakfast menus, larger dining areas and broader appeal than traditional fast-food chicken chains, which do a bulk of their business at dinner with takeout packages.

Now Popeyes is developing its own larger unit with 100 seats, compared to its standard 45, a broader menu and a decor package designed to encourage more eat-in sales. "We're going after the upscale chicken market," Rhoton declared.

Popeyes breakfast menu, which is in about 100 franchised units and 81 company-operated units, includes biscuit sandwiches, scrambled egg platters and a $1.99 Country Breakfast that features two eggs, sausage, hash browns, grits and a biscuit.

On another front, the chain is testing a full-service dinnerhouse concept called Copeland's of New Orleans.

The three Copeland's of New Orleans dinnerhouses feature hickory and mesquite smoked meats, aged steaks, andouille sausage, blackened redfish, roast beef with po' boy gravy and Cajun burgers. Biscuits and ice cream are made on the premises. Copeland's may be franchised sometime in 1985.

Popeyes is opening two or three chicken restaurants a week, a pace that will continue through next year.

***POPEYE'S***

**(Fiscal Year Ended Oct. 28)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $175.0 | $230.0 | $302.0 |
| Revenue (In Millions) | $48.0 | $55.0 | $60.0 |
| Operating Profit (In Millions) | $3.6 | $6.3 | $7.5 |
| Average Same-Store Sales (Units open 12 mos. or more) | $615,000 | $715,000 | $750,000 |
| Average Per-Person Check* | $3.80 | $3.90 | $3.90 |
| Number of Units | 309 | 390 | 455 |
| % Menu-Price Increase | 6.7% | 4.5% | 5.0% |

Source: *NRN* Research **NRN* Estimate

# Take-out stores, ambitious marketing are key ingredients to long-range goal

**CHURCH'S**

SAN ANTONIO — Church's Fried Chicken, attributing recent real sales gains to its new, aggressive marketing program, expects to emphasize marketing even more next year.

Meanwhile, development strategy hinges on the new take-out ministores that will establish Church's in markets and locations where it hasn't been before and serve as the key to long-range market-penetration plans.

Church's expects to grow by acquiring other chains as well as by expanding its own concepts. In the next year it may use some of its $40 million cash reserves to buy a small, growing chain that needs the financial and technical support Church's can give. The selection by chairman J. David Bamberger of Richard Sherman as president is important because of Sherman's acquisition experience at Hardee's.

At the same time, speculation continues that Church's itself is a prime candidate for a takeover. Management, maintaining that the chain is not for sale, has mobilized to prevent such a move.

What made Church's vulnerable to such speculation has been a lackluster performance over several years, marked by declines in real sales and profits. Net profits are now rising again and real-sales gains have been made for three straight quarters. Marketing is said to be the decisive factor.

This year Church's will spend about $18 million on advertising and promotion, a significant increase over last year's $7.5 million. The chain's first product-specific promotion, involving corn on the cob, has been termed successful in building volume and check size.

As for the ministores, although only six were in operation in early July, they are showing impressive results. One store is registering sales of $500,000, computed on an annualized basis. That exceeds an estimated average annual volume of $440,000 at a regular Church's unit with seating.

Church's says it might have as many as 25 of these ministores (with a maximum 400 sq. ft.) by year-end. One analyst said he believes these units are the perfect outlet for higher-income areas where Church's has not had much presence. If the strategy is correct, Church's could more easily weather the next recession.

Menu diversification is not expected to play a major role in Church's efforts to turn around. New products introduced in the past few years have not met with great success. Church's executives said their best chance for sales growth comes from concentrating on the items it does well. Product comparisons with segment leader KFC are expected to continue in the chain's advertising.

For the half-year ended June 10, Church's reported a 14% increase in revenue to $233 million, compared to the same period last year. Net profit, however, declined about 6% to $17.7 million.

***CHURCH'S***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $504.0 | $548.0 | $660.0 |
| Revenue (In Millions) | $424.0 | $464.0 | $543.0 |
| Net Profit (In Millions) | $41.0 | $31.0 | $44.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $383,000 | $388,000 | $440,000 |
| Average Per-Person Check* | $2.85 | $3.00 | $3.50 |
| Number of Units | 1,379 | 1,480 | 1,600 |
| % Menu-Price Increase | 4.0% | 9.5% | 4.5% |

Source: *NRN* Research **NRN* Estimate

***'This year Church's will spend about $18 million on advertising and promotion, a significant increase over last year's $7.5 million.'***

**Church's president Richard Sherman, at podium, speaks at the annual meeting this year. Chairman J. David Bamberger, seated, looks on.**

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: PIZZA

***Major pizza chains succeed with building lunch sales, never one of their strong suits, and follow the lead of Domino's and local moms & pops by testing home delivery. Unit expansion, international development, some new menu items and stepped-up advertising are also on tap.***

# *Expansion, home delivery are on 1985 agenda*

**GODFATHER'S**

**By Don Jeffrey**

COSTA MESA, Calif. — Diversifoods' Godfather's, completing its rollout of pan pizza this month, reports unit sales increases of 15% to 50% from the new product. It now accounts for 40% of the chain's total pizza sales.

Next on the agenda is a test of home delivery. Godfather's, like other chains that have tried to duplicate Domino's success in delivery, sees this move as a way to capture a brand new market. In addition, the growth of regional chains and aggressive marketing moves by segment leader Pizza Hut have forced Godfather's to make delivery a focus for 1985. It's also in test at Pizza Hut.

But no evidence is available so far that a chain like Godfather's can effectively weave home delivery into its regular restaurant operations without causing strain on the units and possibly harming its reputation.

President Charles Boppell says the chain's greatest priorities are to upgrade operations and show leadership in the 1,000-unit system. In the past year Godfather's has moved from being basically a franchise company to being an operating company, with the acquisition of two major franchisees.

Godfather's has created four operating divisions around the country, each headed by a vice president. All report to Boppell in the chain's new headquarters in Costa Mesa. Only financial and data-processing functions remain in Omaha.

Unit growth in the next year may be achieved as much by acquisition of small regional chains as by traditional expansion. These chains would be converted to Godfather's to create a presence in unpenetrated markets.

Godfather's also may show significant expansion in the nation's largest metropolitan areas, especially in New York, where the Riese Organization has already established presence with franchised stores. National pizza chains have traditionally not done well in this market; therefore, much attention will be paid to Riese's performance in expanding the concept. In Los Angeles, development has been held up pending the outcome of Sambo's trials.

Though there has been much change at Godfather's in the past year—most significantly, the merger with Chart House to form Diversifoods—one potent symbol of the once-independent company started by Willie Theisen has returned—the Godfather himself.

After criticism from Italian-American groups forced the chain to retire actor Bill Koll from commercials that depicted him as a gangster-like figure, sales became flat. Analysts and executives have said there was a direct relationship—that the chain suffered from a lack of identity. Koll is now back in TV ads—in a way not offensive to Italians—and executives report a "dramatic increase in awareness" of the chain.

As for Theisen, now vice chairman of Diversifoods, he has given up day-to-day responsibilities within the chain and limits his role to consulting.

***GODFATHER'S***

**(Fiscal Year Ended December)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $313.0 | $350.0 | $440.0 |
| Revenue (In Millions) | $88.0 | $117.0 | $135.0 |
| Net Profit (In Millions) | $9.0 | $11.0 | $14.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $424,000 | $425,000 | $430,000 |
| Average Per-Person Check* | | $4.65 | |
| Number of Units | 776 | 887 | 1,025 |
| % Menu-Price Increase | | 0.0% | 1.0% |

Source: *NRN* Research **NRN* Estimate

# *Aiming for a bigger slice of the pizza pie market with barbecue-beef*

**PIZZA HUT**

**By Don Jeffrey**

WICHITA, Kan. — Pizza Hut, the first major pizza chain to set its sites on the market created by barbecue's spreading popularity, is nevertheless stepping gingerly with an uncharacteristically slow rollout of its barbecued-beef topped pizza.

With headquarters strategists feeling out the market for evidence of limited appeal, franchisees have been given the option of rolling out taco pizza, which was available in some markets for years, as an alternative to barbecue.

Notably absent at the moment is the gut-feel enthusiasm that accompanied the last successful new product intro, that of Personal Pan Pizza. That product opened up the chain's lunch day part, resulting in a 40% increase in lunch sales, and added a fast-food dimension to the restaurants' operations.

The barbecue item is aimed primarily at dinner business, where competition with other pizza chains is most intense. But it is available on the 6-in. Personal Pan as well.

Meanwhile, the test of home delivery continues, with no decision yet on a rollout. To prevent strains on restaurant operations, Pizza Hut's delivery, unlike that of some major competitors, is out of separate units designed for that purpose only. A central phone number is used for placing orders.

Pizza Hut's test of delivery recognized that the success of Domino's has created a new market and nurtured its growth.

### Growth plans

Expansion targets for the 4,300-unit chain include an international market such as Canada as well as the big, sprawling domestic market of Los Angeles. Pizza Hut will jointly develop Los Angeles with its franchisees. National Pizza Co., the biggest franchisee with 94 units, has made its initial public stock offering as a way to help finance growth in Los Angeles. Traditionally, the big national pizza chains have had trouble cracking this market.

**A. Gunther**
*Pizza Hut president*

Pizza Hut recently purchased 16 units of a Canadian regional pizza chain for conversions, doubling its presence in the country. Expansion in Britain, through agreements with companies like Whitbread, has reportedly not gone as well as expected.

Because of the success of Personal Pan pizza and an aggressive marketing drive, Pizza Hut is likely to have another highly profitable year. Despite this success, it fired its advertising agency, Foote Cone & Belding, because of dissatisfaction with its creative work, ad sources say Pizza Hut lacks a strong image. At presstime, the chain was said to be close to announcing Chiat/Day as the new agency for its $20 million national advertising account.

President Arthur Gunther appears firmly in charge of the nation's largest pizza chain, with little or no interference from conglomerate parent PepsiCo. Industry observers are still looking forward to a hot market share battle now that Gunther's former boss at PepsiCo, Don Smith, heads chief competitor Godfather's parent Diversifoods.

***PIZZA HUT***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.3 | $1.6 | $1.9 |
| Revenue (In Billions) | $0.9 | $1.1 | $1.3 |
| Operating Profit (In Millions) | $73.0 | $94.0 | $110.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $315,000 | $400,000 | $456,000 |
| Number of Units | 4,250 | 4,300 | 4,450 |
| % Menu-Price Increase | 5.4% | 4.2% | 3.0% |

Source: *NRN* Research **NRN* Estimate

# *International mkt. eyed, but few plans for U.S.*

**PIZZA INN**

DALLAS — Pizza Inn, which kept growth on hold while closing unprofitable units, has given the go-ahead to unit expansion again, with emphasis on international markets.

This 750-unit chain already has a presence in several foreign nations and is actively seeking newer markets.

In the United States, though, it has not gone much beyond its southern core, in which some 80% of the units are located. The rate of franchise development is expected to pick up, though, after a period of little growth.

The chain's last major product rollout—pan pizza—now accounts for 43% of total pizza sales and has made Pizza Inn more competitive with the other chains. But there is no other significant new menu item producing results so dramatic.

Efforts at menu diversification—to move it away from total dependence on pizza—have not been wholly successful. Sandwiches did not boost sales as much as expected, and Italian-style entrees have not caught on in a big way.

### Upswing

Despite fluctuating sales and decreased profits earlier this year due to unusually bad weather in the South. Pizza Inn has managed to massage margins back up again through cost efficiencies. Unit-level changes in supervision and scheduling have helped boost margins.

The company's new specialty hamburger concept, J. T. McCord's, is still in its infancy, starting out in the crowded and competitive Dallas market. No major signs are yet apparent on this chain's prospects.

Pizza Inn has been also diversifying by purchasing related businesses, such as a cheese plant, which will provide some of the restaurants' needs.

For the first quarter, ended March 25, net profit declined 15% to $805,000 as revenue increased 8% to $27.5 million. F. J. Spillman is the president and chairman of this publicly owned company.

***PIZZA INN***

**(Fiscal Year Ended December)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $228.9 | $236.8 | $255.0 |
| Revenue (In Millions) | $140.5 | $148.9 | $200.0 |
| Net Profit (In Millions) | $1.7 | $3.6 | $4.1 |
| Average Same-Store Sales (Units open 12 mos. or more) | $356,800 | $381,800 | $405,000 |
| Average Per-Person Check* | | $1.85 | $3.05 |
| Number of Units | 711 | 710 | 762 |
| % Menu-Price Increase | | | 2.0% |

Source: *NRN* Research **NRN* Estimate

FOCUS NRN

## CHAIN ANALYSIS/PART 1: FAST-FOOD FISH

***Menu expansion and product-oriented marketing are the keystones of the fast seafood segment today. Bottom-line oriented management at segment leaders Long John Silver's and Captain D's have begun to reverse the sagging margins and customer counts of years past.***

# *New approach, new products replacing discounts*

**LJS**

**By David Zuckerman**

LEXINGTON, Ky. — For Jerrico's 1,355-unit Long John Silver's fast-seafood chain, a new product-oriented marketing thrust will totally replace the margin-eroding discounting and couponing approach associated with the chain in recent years.

Under president John Tobe, who replaced Ernest Renaud earlier this year, LJS has retained a new advertising agency (Foote, Cone & Belding) to help reposition the chain to stand squarely on its own product line.

A substantial increase in television advertising will tout the inherent value of the LJS menu, which will include a host of innovative new menu item rollouts in the near future, according to Tobe.

Battling a prolonged earnings slump characterized by stagnant traffic counts, Long John Silver's—under Renaud—had attempted to reverse its fortunes by discounting and virtually giving away products. While the formula drew more customers, it failed to increase earnings as store margins fell below 15%.

Tobe's bottom-line-oriented management style, coupled with a recent decrease in the price of codfish, could provide the spark for a long-awaited turnaround. For the fourth quarter ended June 30, Long John Silver's traffic continued to rise despite a sharp reduction in couponing programs. Moreover, store margins crept steadily upward to about 17% while earnings increased by some 5%.

**John Tobe**
*Long John Silver's President*

Despite these gains, the chain is looking for ways to boost average annual store sales which are currently hovering at about the $500,000 mark. Increased advertising and new product introductions should help substantially, but improvements in unit design are another key element in Tobe's formula.

A new store prototype, featuring increased seating, more accessible service facilities and a brighter more modern decor, will be used for the 60 or so new units slated for fiscal 1985. It has been estimated that these new stores are capable of producing annual sales of close to $1 million.

For older stores, a major unit remodeling program is now under way that will provide a complete facelift for about 300 company stores per year. At a cost of about $20,000 per store, the revamped LJS units will be brighter and more modern than their predecessors and will offer a larger seating capacity. The company estimates that these store improvements could add as much as $25,000 of annual volume for each remodeled unit.

While new store development will be held to about 4.5% in fiscal 1985 as the chain struggles to recover, Long John Silver's will be looking to penetrate some new markets principally in the Northwest and the Sunbelt areas

***LONG JOHN SILVER***

**(Fiscal Year Ended June 30)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $554.5 | $677.5 | $733.6 |
| Revenue (In Millions) | $454.1 | $462.0 | $494.2 |
| Net Profit (In Millions) | $21.2 | $20.3 | $21.3 |
| Average Same-Store Sales (Units open 12 mos. or more) | $447,500 | $500,000 | $525,000 |
| Number of Units | 1,313 | 1,355 | 1,415 |
| % Menu-Price Increase | 2.0% | 2.5% | |

Source: *NRN* Research **NRN* Estimate

***'Tobe's bottom-line oriented management style, coupled with a recent decrease in the price of codfish, could provide the spark for a long-awaited turnaround. For the fourth quarter ended June 30, Long John Silver's traffic count continued to rise***

**Officials hope more and more of these structures begin to pop up in the Northeast.**

# *Scattered success may evolve into a bigger share of the market*

**CAPTAIN D'S**

NASHVILLE — Captain D's seafood chain, while enjoying only scattered success with menu expansion, has a chance to substantially increase its share of what observers feel is a wide-open market.

With the highest average unit volume in the segment (projected at $546,000 this year) and increases in real sales and margins, Captain D's can close the gap on segment leader Long John Silver, which has a threefold lead in total sales and units.

The chain has apparently become stronger since Gary Spoleta, president of parent Shoney's Inc., took over day-to-day responsibilities after Wayne Browning left several months ago. Real sales gains of 3%-4% have been reported this year.

Shoney's bottom-line efficiency in running restaurant concepts is a big plus in considering Captain D's growth. The parent recently reported its 100th consecutive quarter of net profit increases.

But menu expansion has yielded mixed results at the fast-seafood chain. The breakfast bar—which helped boost volumes at the Shoney's restaurants—has been a failure at D's, probably because customers don't perceive a seafood chain as a breakfast place. Products like steak in a basket and scallops have reportedly not been winners either.

Captain D's is testing a seafood club sandwich and a seafood salad. The salad is said to be doing well, but the club is not breaking any sales records.

Unit-level operations have been tightened, resulting in better margins and a customer perception that the restaurant offers a good price-value relationship. Better labor scheduling improved speed of service. Free beverage refills promoted the price-value factor.

To widen margins D's has cut back on price-cutting promotions. Shoney's Inc. has never thought much of discounting as a tool for building volumes.

Unit growth has been slow but analysts feel the chain has the potential to become a nationwide challenge to Long John's. The company has been buying low-volume franchised units and turning them around as company-operated stores

Many of the units of this Southeast-based chain have now been converted to the new "Franklin Design," which has been described as "upscale nautical decor."

**Some Captain D's have adopted a nautical interior.**

***CAPTAIN D's***

**(Fiscal Year Ended Oct. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $190.0 | $205.0 | $225.0 |
| Revenue (In Millions) | $103.3 | $116.5 | $132.7 |
| Operating Profit (In Millions) | $8.3 | $10.0 | $13.2 |
| Average Same-Store Sales (Units open 12 mos. or more) | $523,000 | $525,000 | $546,000 |
| Number of Units | 405 | 426 | 454 |
| % Menu-Price Increase | 2.0% | 2.1% | 2.0% |

Source: *NRN* Research **NRN* Estimate

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

***With the scramble to carve up the once-mighty Sambo's empire apparently ended, family restaurant chains settle into a period of slower unit expansion. Village Inn Pancake Houses emerges as a potential strong competitor for segment leader Denny's in several key markets.***

# *Expansion plans may slow after a year of growth*

### DENNY'S

**By Richard Martin**

LA MIRADA, Calif. — After several years of steady growth aided by an aggressive acquisition/conversion strategy, Denny's will continue to expand into 1985 from recently purchased restaurants still in the pipeline awaiting makeovers.

But the nation's largest full-service chain run by a single company may slow up expansion a bit thereafter as management works to pay off a huge debt it plans to incur in an $800 million leveraged buyout proposed in May.

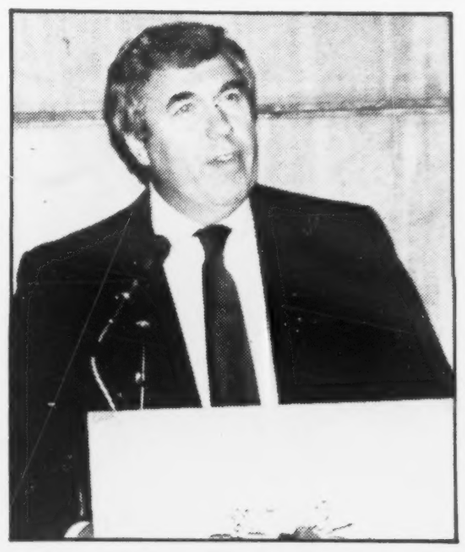
Denny's president and chief executive Vern O. Curtis and his team have bought up a bit of everything in sight over the last two years—more than 200 units in all including Sambo's, VIP's, Alphy's, Colony Kitchens. Now they want to buy Denny's itself, currently publicly held, in conjunction with institutional investors.

At the end of fiscal 1984 in June, only about 20 of the 78 Colony Kitchen units bought earlier this year had been switched to the Denny's format. The balance, plus about 30 new units due to be built, will continue in the short term to advance Denny's thrust at market-share dominance (already increased in the years 1979 through 1983 from 18% to 27% of the full-menu segment occupied by the five major coffee shop chains).

But assuming the pending buyout meets no snags and is concluded later this year, Denny's may turn its attentions from buying competing restaurants (such prospects may have been dwindling, anyway) to debt service, continued menu-mix and marketing refinements and freestanding-with-drive thru development of the less costly to build El Pollo Loco chain.

However, slower physical growth doesn't mean Denny's won't persist in slicing off coffee-shop market share increments over the long haul—aided by one important factor of management-team stability which seems to be guaranteed by Vern Curtis' innovative twist on the usual, restricted, leveraged buyout formula.

Unlike a classic LBO, equity in a privately held Denny's would be broadly shared directly among 50 or so principal executives, plus majority-share outside investors. This stabilizing and loyalizing tactic may also be expanded, Curtis indicates, by inclusion of hundreds, maybe thousands, more Denny's employees through some forms of stock-option or profit-sharing plans.



**Vern O. Curtis**
*Denny's president*

Meanwhile, give the possibility of future interest-rate volatility, doubts are being raised generally about the efficacy of LBO's, in which a company's assets become collateral for its own acquisition. Moreover, securities exchange regulators and other economics mavens have begun to question and oppose the "casino-like" aspects of unfriendly buyout attempts—and the alarming, even lawsuit inspiring, "greenmailing" which can result.

Proponents of the Denny's plan say it would be unfair to have these negative sentiments taint Curtis' broadened equity-involvement concept.

However, sources at the company acknowledge that if interest rates rise dramatically their LBO plan could be put at risk. But architects of the plan obviously doubt such a turn will materialize.

While attentions were distracted by the LBO proposal, Denny's continued to rack up impressive results on operations of its coffee shops and Winchell's Donut shops in 1984.

Estimates of results for the year ended June 29 placed average annual unit sales nearer the $1 million mark, with operating margins over 8.5% (they were 7.2% last year, 6.6% the year before). Revenue and net profit for 1984 may have climbed better than 15% from 1983.

Nine-month net profit was $33.6 million on revenue of $909 million, increases from the same period in 1983 of 15.3% and 16.2%, respectively. Nine-month operating income was up 20% to $83.8 million.

Two big winners on the coffee shop and doughnut shop menus in 1984 were pegged to enhanced price/value perceptions. Denny's $1.99 "Build-a-Breakfast" promo boosted weekday a.m. traffic with a wide variety of juice, egg, meat and starch options at a fixed price.

Winchell's "deep discount" offer of $2.79 a dozen for doughnuts attracted volume buyers away from supermarkets—helping boost average unit sales 13% in the third quarter, when prices rose only 2%. Both the breakfast and doughnut promos were expected to run indefinitely.

***DENNY'S***

**(Fiscal Year Ended June 29)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.2 | $1.4 | $1.6 |
| Revenue (In Billions) | $1.1 | $1.2 | $1.4 |
| Net Profit (In Millions) | $40.2 | $44.0 | $48.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | | | |
| Denny's | $940,000 | $980,000 | $1,000,000 |
| Winchells | $192,000 | $205,000 | $217,000 |
| Number of Units | 2,001 | 2,155 | 2,260 |
| % Menu-Price Increase | | 3.5% | |

Source: *NRN* Research **NRN* Estimate

# *Marriott taking reins, unity sought: systemwide image overhaul ahead*

### BOB'S BIG BOY

WASHINGTON — With parent Marriott finally taking a firm hold on the reins, the Big Boy coffee shop system will undergo a complete overhaul aimed at transforming the loosely knit network of licensees into a unified restaurant organization.

Despite the defection of Shoney's—once the largest franchisee in the system with 392 units—Big Boy is moving forward with an across-the-board marketing plan designed to yield systemwide improvements in such areas as competitive strategy, site location and menu development.

Under a restructured management team headed by Edward W. Doherty, vice president of Marriott family restaurants, Big Boy is currently developing a new variable-size unit prototype, testing a variety of menu items and working out a national advertising campaign that will project the chain as a single entity rather than a collection of regional operations. There are currently about 800 remaining franchised Big Boys (operated by 20 licensees) and some 200 company-owned Bob's Big Boy restaurants on the West Coast and in the Washington, D.C., area.

While the company intends to leave its West Coast Bob's Big Boy operation intact for the near term, activity on the East Coast will be widespread, with company-owned Bob's in the Washington area as the prime testing ground. The vast territory abandoned by Shoney's will provide fertile ground for the bulk of new unit development, which will include some 75 additional restaurants during the remainder of the current fiscal year.

Among the more interesting development on tap for the near future is the new variable-size unit design, which will be used for all new construction. While the standard Big Boy unit seats around 160, this new version can be adapted to seat anywhere from 140 to 220 patrons, enabling it to serve a growing market.

On the menu front, salad and breakfast bars will be standardized and installed in all East Coast units (they're also being tested on the West Coast). For the evening meal period, a program to convert breakfast bars to all-you-can-eat dinner buffets is currently under study. Featuring such hot entrees as fish, the dinner buffet will be offered in tandem with the salad bar at a single price (not yet determined). A marinated chicken breast entree and a fish sandwich supreme are also being tested for rollout in East Coast markets.

***BIG BOY***

**(Fiscal Year Ended Dec. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.1 | $1.4 | $1.1** |
| Revenue (In Millions) | $197.0 | $220.0 | $240.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $0.95 | $1.10 | $1.20 |
| Number of Units | 1,777 | 1,250 | 925** |

Source: *NRN* Research **NRN* Estimate

**Figure reflects loss of 392 shoney's restaurants, which disassociated from the Big Boy franchising system. Shoney's paid Marriott $13 million to disolve the licensing agreement.

**The familiar "Big Boy" in front of every restaurant is due to go through some internal changes.**

Believing that Big Boy, as a unified entity, can some day be the segment leader in the family restaurant/coffee shop arena, Marriott has also been busy improving and enlarging the chain's management team. Besides the elevation of Doherty, the company is in the process of hiring a new marketing vice president, a new franchise development vice president and a separate vice president of finance for the Big Boy chain.

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## CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

# *Tests under way to develop coffee shop concepts*

**HOJO**

**By Susan Spedalle**

NORTH QUINCY, Mass. — Howard Johnson's restaurant group is testing a number of concepts which may replace the old orange roof coffee shops by the middle of next year.

Over the past few years the company has been redoing the exteriors of its 800 coffee shops. Greenhouses, sunroofs and gray roofs replaced the more dated exteriors. (Inside, the restaurants have been undergoing refurbishment for the past seven years.) Of the 800 restaurants, almost 500 are company owned, another 86 are highway operations and 225 are licensed operations.

The 500 company-owned stores could be transformed to represent one of four new concepts currently being tested. They include a casual theme restaurant called Bumbershoots, or an upscale coffee shop called Paddywack's, a more modern version of the existing coffee shop or a concept called "Howard Johnson's Plus," which may be a hybrid coffee shop/theme restaurant. The "Howard Johnson's Plus" concept begins testing in an as-yet-unidentified market this October.

"By mid-1985," says Tom Russo, president of the restaurant group, "the company will address the entire chain with one or more of the concepts in test."

Russo describes the company as being in a "testing mode right now" and is expanding their tests; a second Bumbershoots will open this fall in Saddle Brook, N.J., and the new Pickalilys dinnerhouse concept just opened this summer.

"By mid-1985," says Russo, "we'll have an idea of the viability of these concepts, which might include a more modernized Howard Johnson's," he says.

Russo describes a more modernized Howard Johnson's as "what [the restaurant] could be if the chain had progressed and evolved over the past 10 years and changed in step with customer demands."

Building would then commence for three years, says Russo. Meanwhile, the 225 unit Ground Round chain is being refurbished at a rate of 100 units in 1984 and 125 in 1985 with a program which lightens the concept in menu and decor.

After testing a single prototype in 1983, Russo found great customer acceptance of the changes proposed in the Ground Round concept. Instead of dark furniture and dim lighting, peanuts on the floors and bars against the wall, the company created an airy open floor plan and put the island bar in the middle of the unit. Colors were added in light "sherbet" tints, huge video screens were traded in for smaller 24-in. screens and skylights and greenhouses were added.

The Ground Round menu was also lightened with salads and less of a dependence on the traditional red meat menu. Outside the units, the exteriors were changed from dark brown to a light tan and green.

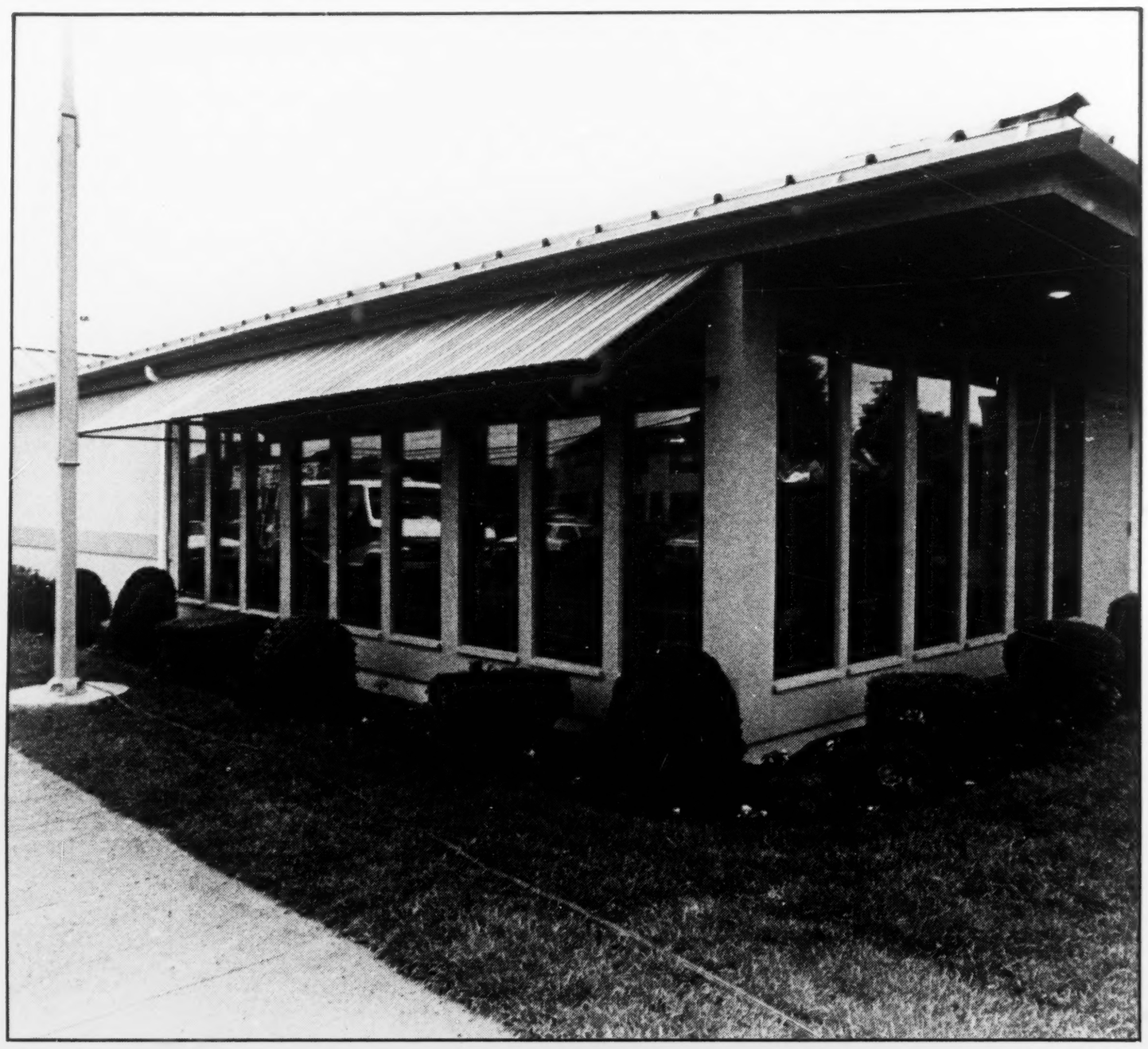
The changes, which cost $200,000 per unit, were meant to result in an increased average check and rising customer counts. According to Russo, average store volume has gone from a little less than $1 million per unit to almost $1.2 million.

By mid-1985 when the refurbishment program is over the company plans to return to the more aggressive 25 units per year growth rate. For 1984, however, only 10 Ground Round units will be added.

Although Russo says that the company's 87 thruway coffee shops still have a future, Howard Johnson's has made progress with their thruway Burger King operations. There are currently five Burger King's open on the Pennsylvania and Massachusetts Turnpike and the New York Thruway. Two units and one combination Burger King/Kentucky Fried Chicken will be added in 1984 on the Illinois Toll Road.

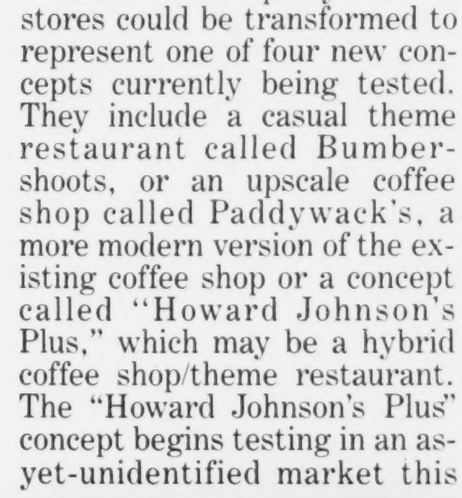
Russo expects to end 1984 with five BK units, will add four in 1985 and expects to add at least that many by the end of 1986. Original plans call for 20 units within the next five years.

The success of the Burger King concept on the thruways does not lessen the need for coffee shops, says Russo.

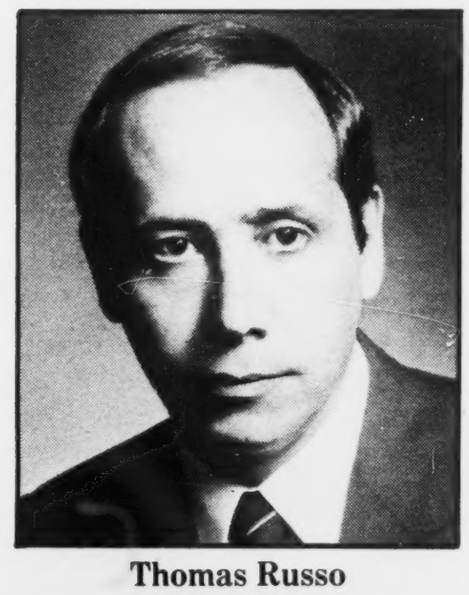


**President Tom Russo says "the company will address the entire chain with one or more concepts in test" by 1985. The unit shown above is an example of one concept.**

**Thomas Russo**



**Gregory Hanish**



**Bob Zia**

# *5-year plan targets 50% growth*

**PERKINS**

MEMPHIS — Launching its first development effort since Holiday Inns bought the company five years ago, Perkins Restaurants plans to increase the size of the 309-unit family restaurant system by 50% during the next five years.

The relatively modest growth target follows years of retrenchment, re-examination and finally reconditioning. When Holiday Inns bought the then-Minneapolis-based chain in 1979 for $39.5 million in stock, there were 364 restaurants.

Perkins has reportedly budgeted $12 million for capital projects this year, up from $700,000 in 1983. In addition, a multimillion-dollar financial-aid package is reportedly being assembled for new franchisee construction.

Perkins, which originated as a pancake house 25 years ago, is cutting its dependence on breakfast with new lunch and dinner entrees. It calls a new line of hefty sandwiches "Grandwiches." Featuring ⅓-lb. burgers, they account for about 20% of sales.

Three years ago 4 out of 5 Perkins customers ordered a breakfast item. Now it's down to about half. While the breakfast daypart once dominated sales, traffic is now evenly split.

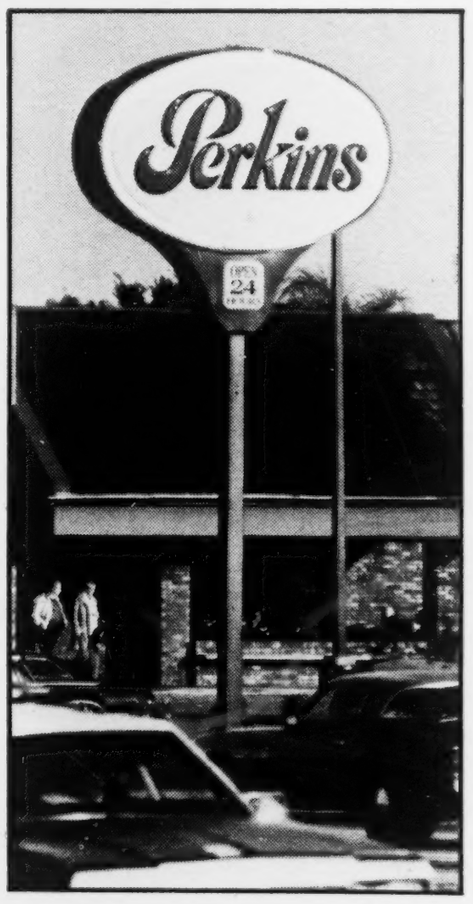
Executives appear to be positioning the chain to steal business from fast feeders. The typical tab of $3.40 in company stores and closer to $3 in franchised stores competes with both established burger chains and the up-and-coming breakfast-oriented chicken-and-biscuit chains.

New development is coming first in the Memphis area, with six to nine new stores where there are none now. More development may follow in the Southeast.

Meanwhile, the two-thirds franchised chain continues to sell single-unit franchises as it fills out existing territories. New royalty schemes call for 4% fees, although the average remains closer to 2%.

The chain has units in 26 states, but considering that 60 units are located in Ohio, the chain could be very busy in the coming years simply exploiting the hard-fought beachheads it has.

Perkins' moves, however, may be designed to make the chain more attractive to prospective buyers. There is speculation that Holiday Inns wants to sell Perkins. A few months ago, preliminary discussions were held with Vicorp which decided not to pursue an acquisition of Perkins because Vicorp's Village Inn Pancake Houses compete directly with Perkins in too many markets.




***PERKINS RESTAURANTS***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $270.0 | $290.0 | $310.0 |
| Revenue (In Millions) | $101.0 | $106.0 | $110.0 |
| Operating Profit (In Millions) | $5.0 | $5.4 | $6.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $870,000 | $966,000 | $1,060,000 |
| Average Per-Person Check* | $3.05 | $3.25 | $3.35 |
| Number of Units | 311 | 309 | 315 |
| % Menu-Price Increase | 3.0% | 6.0% | 3.0% |

Source: *NRN* Research **NRN* Estimate

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## CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

# *Limited menu O'Goodies test called 'encouraging'*

**FRIENDLY**

WILBRAHAM, Mass. — As it moves toward completion of a systemwide upgrading and standardization program at its ice cream and sandwich shops and family restaurants, Friendly is also taking a thoughtful look at a new limited menu "dip shop" format called O'Goodies.

Launched in late 1983, the chain's first test unit in Holyoke, Mass., has been targeted toward walk-in traffic at mall locations and strip centers. The 200-sq.-ft. shop offers two flavors of on-premise-made ice cream—chocolate and vanilla—which are served in hot waffle cones.

The basic cone sells for $1.62 and comes with three "mix-ins" such as candies, fruits and nuts. The customer can add additional "mix-ins"—including toppings such as hot fudge and butterscotch—for 35¢ each.

Although Friendly currently operates more than 200 mall and shopping center restaurants, O'Goodies' small, streamlined format could be more easily tailored to fit into mall food courts across the country.

A spokesman for the Hershey-owned chain said early results from the Holyoke test unit are "encouraging," and a second test unit will be opened in Worcester, Mass., by the end of 1984.

Friendly also continued its ongoing program of upgrading and standardizing decor and menus in ice cream and sandwich shops and family restaurants. According to the company, this program, which began in the early 1980's and is now nearing completion, is responsible along with new restaurant openings for the chain's continued sales growth—up $47.7 million, or 14%, in 1983, compared to last year's figures.

Another, more family-oriented restaurant design has been evolving among the newer operations, with an emphasis placed on booth rather than counter seating. Salad bars have been installed at these newer units.

A revamped summertime ice cream menu that includes 19 different sundaes also features a new exruded ice cream product called the Wattamelon Roll. In addtion there will be an expanded test on ice cream cakes at approximately one-third of the chain's units.

The company also rolled out its Reese's Peanut Butter Cup Sundae chainwide for the summer.

**Friendly's program to upgrade and standardize its sandwich shops and family restaurants, is nearing completion.**

***FRIENDLY ICE CREAM***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Revenue (In Millions) | $335.8 | $383.5 | $415.0 |
| Operating Profit (In Millions) | $34.3 | $39.4 | $42.5 |
| Average Same-Store Sales (Units open 12 mos. or more) | $500,000 | $550,000 | $585,000 |
| Number of Units | 641 | 667 | 692 |
| % Menu-Price Increase | 5.5% | | |

Source: *NRN* Research *NRN Estimate

# *Proposed Sambo's acquisition holds key to growth*

**VILLAGE INN**

**By Joe Edwards**

DENVER — Village Inn Pancake Houses and a sister family restaurant chain, Bakers Square, will balloon in size to 450-plus units if a proposed acquisition by parent Vicorp of 183 Sambo's-owned restaurants is approved by Federal bankruptcy court.

The pending acquisition will establish Vicorp as a major national player in the family restaurant segment now dominated by Denny's, which has more than 2,000 units. Nearly 100 of the Sambo's sites are in California, where Denny's rules the roost.

Denny's, which has been swallowing smaller competitors through acquisitions over the last two years, reportedly was outbid by Vicorp for the Sambo's sites, as were Diversifoods and W. R. Grace.

Following court approval of the acquisition, Vicorp will begin converting the 147 Sambo's-operated Seasons, 21 Sambo's-franchised Godfather's Pizza and 15 Sambo's-franchised Coco's to Village Inn and Bakers Square restaurants.

Vicorp, which started the year with 62 company-operated and 122 franchised Village Inn Pancake Houses, will spend between two and three years converting the Sambo's sites at a cost per unit of between $100,000 and $150,000, or a total capital outlay of between $18.3 million and $27.4 million.

This is in addition to the purchase price of $62.5 million—$6 million cash plus notes and $47.5 million of Vicorp stock paid to Sambo's creditors. Sweetening the deal for Vicorp is a $250 million tax credit from Sambo's net losses carried forward, shielding Vicorp from paying any income tax on the units for five to eight years.

The 183 Sambo's units Vicorp is picking up in the pending acquisition represent about 80% of what remains of the once-mighty Sambo's empire which stumbled in the late 1970's and finally crashed into bankruptcy two years ago. The sites Vicorp is picking up are the best-performing units, and were to be the nucleus of a revived Sambo's. But that never happened.

Village Inn Pancake Houses reported $832,000 average same-store sales in fiscal 1983 ended last Oct. 30 and have been enjoying 5% to 7% inflation-adjusted sales growth so far this year.

Units that have been refurbished with carpeting, window shades, ceiling fans, oak and brass fixtures, framed prints and plants are reporting volumes of $950,000 a year or more.

A typical freestanding Village Inn has 5,000 sq. ft. of public floor space with 22 booths, 24 tables and seating for 165 persons. Kitchen and storage space adds another 2,200 sq. ft.

Menus have been expanded to include new bakery items from the Bakers Square commissaries, which were picked up by Vicorp last year as part of its acquisition of 60 Poppin Fresh pie shops from Pillsbury.

Most Village Inn units are open 18 to 20 hours a day. Combined food, beverage and labor costs are 56.7% of total sales. Breakfast and lunch items are priced between $2.25 and $4.95 and dinner platters between $3.95 and $6.95 for all-day, per-person check averages of $3.45.

In addition to the pending Sambo's conversions, Village Inn is opening 15 to 20 company units and about 10 franchised units.

At Bakers Square, weekly unit volumes are up 17% to $21,400 in the last year due to the openings of takeout bakeries in most units, an advertising campaign and new menu items, which include a wider variety of baked goods, pita sandwiches, chili, burgers, specialty sandwiches, platters and breakfast. Profit margins have risen to 21% of sales vs. 19% a year ago. Menu prices have not been increased.

About 25% of Bakers Square's $1.1 million average unit sales are generated by the takeout bakeries. Half of takeout sales for baked goods are profit.

Vicorp is spending $25,000 a unit for new kitchen equipment to handle Bakers Square "boutique breakfast" menu that includes a half-dozen omelets, bacon and egg platters and pastries and rolls.

A typical Bakers Square is 4,200 sq. ft., seats 120 persons and is situated in a mall. Average per-person checks are $3.42. Units are clustered in Minneapolis, Detroit and Cleveland.

Bakers Square is experimenting with beer and wine sales but with "indifferent success," Vicorp chairman Gordon Miles says. Bakers Square is adding 10 to 15 units this year, mostly in malls.

Vicorp also acquired 71 dinnerhouses with moderate-price menus from Ralston-Purina's Foodmaker earlier this year for about $61 million. It recently signed a letter of intent to buy a majority stock interest in The Perfect Pan, a San Diego-based operator of six Piret's country French restaurant/gourmet deli units.

***VILLAGE INN—BAKERS SQUARE***

**(Fiscal Year Ended Oct. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $133.4 | $183.0 | $220.0 |
| Revenue (In Millions) | $51.1 | $95.6** | $112.0 |
| Net Profit (In Millions) | $2.3 | $4.8 | — |
| Average Same-Store Sales (Units open 12 mos. or more)+ | $786,000 | $832,000 | $870,000 |
| Average Per-Person Check+ | $3.40 | $3.45 | $3.55 |
| Number of Units | 178 | 182 | 272 |
| % Menu-Price Increase+ | 3.3% | 1.2% | 3.0% |

*Source:* NRN *Research* *NRN *Estimate*

***Includes results of 60 Bakers Square acquired May 2, 1983.*
*+ For 60 company-operated Village Inns only.*

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## CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

# Diversity, innovation bring across-the-board gains

**MARIE CALLENDER**

LONG BEACH, Calif. — Affirming owner Don Gallender's instincts as an entrepreneur, the 101-unit Marie Callender's family restaurant chain is competing effectively with more sophisticated corporate organizations.

Despite Callender's apparent "fly-by-the-seat-of-his-pants" style of management and planning, his 16-year-old chain will post across-the-board gains on virtually all its financial barometers this year, while expanding into new markets.

This year, however, Marie Callender's will obtain a good part of its gains from a 10% menu-price increase, implemented in July to keep pace with commodity inflation and adjusted for two successive years of more moderate price hikes.

Callender's food-service empire, an outgrowth of a small, family-run pie supply business which began in southern California in 1948, extends into seven Western states. Largely unchallenged in its niche as a coffee shop/dinnerhouse/pie shop hybrid, the chain has evolved through franchise, joint venture and pure company operations.

In recent years, Marie Callender's has increased its menu diversity and unit-design refinement (including construction of elaborate, 225-seat, full-bar restaurants) to broaden its customer base.

A wide variety of fresh pies and other baked goods (turned out daily at the individual unit level) continues to anchor the Marie Callender's menu, which also features a moderately priced array of sandwiches, soups, stews, pasta and noodle specialties, "Mexicalifornia" items, seafood and other entrees, plus a salad bar.

Installations of conveyor ovens are continuing in some units, following tests of pizza items begun last year. So far, pizza has not progressed beyond experimentation in but a handful of units.

At an average cost of about $2.5 million per unit for equipment and building, expansion of the chain this year will add a restaurant in Phoenix and one in Tucson, Ariz. (joining others already in those cities). Late in the year, the company extends its reach in Texas beyond San Antonio with a unit in the new El Paso market.

And late this year or early next year, one of Don Callender's more ambitious restaurant projects will open: a 14,000-sq.-ft. unit, with an additional 2,000 sq. ft. of sidewalk cafe-style seating, fitted into an existing office building on busy Wilshire Boulevard in Los Angeles.

Destined to be the chain's most imposing outlet, the new showplace will also put Marie Callender's squarely into the densely populated heart of urban Los Angeles for the first time, in a spot a block east of the Los Angeles County Art Museum and the Rancho La Bree Tar Pits.

Development cost of the Los Angeles unit is reportedly exceeding early estimates, and could go higher from fine tuning of design and layout being dictated on the scene by Don Callender.

Menu development, unit design and decor, quality control, operations and training are all areas Callender personally supervises. Eschewing the computers, POS systems and "fancy strategic plans" embraced by many food-service companies of comparable size, Callender instead prefers to jet around to his restaurants, thereby getting a feel of how things are going—and acting accordingly on a more immediate basis.

Although Callender has expressed an interest in franchise expansion to the East, he says that "most people with enough money to get involved with [Marie Callender's] want to dictate how the thing should be run.

"I just don't have the patience to deal with those kind of people," concludes the maverick restaurateur who has repeatedly spurned buyout offers from companies like Pillsbury and General Mills.

***MARIE CALLENDER'S***

**(Fiscal Year Ended Dec. 31)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $145.0 | $155.0 | $170.0 |
| Revenue (In Millions) | $68.0 | $76.0 | $83.5 |
| Net Profit (In Millions) | $3.9 | $4.5 | $4.9 |
| Average Same-Store Sales | | | |
| (Units open 12 mos. or more)** | $1.75 | $1.85 | $2.00 |
| (In Millions)*** | $1.25 | $1.35 | $1.48 |
| Average Per-Person Check* | $6.50 | $6.75 | $7.40 |
| Number of Units | 100 | 101 | 105 |
| % Menu-Price Increase | 3.0% | 4.0% | 10.0% |

Source: *NRN* Research **NRN* Estimate

**Newer, larger units with full bar.
***Smaller units with no bar.

# On the comeback trail to greater competitiveness

**IHOP**

**By Richard Martin**

NORTH HOLLYWOOD, Calif. — Trying to crank up its lunch and dinner business, IHOP Corp.'s International House of Pancakes chain is on the trail "becoming more competitive," says president Richard Herzer.

But, he adds, "The rehabilitation of a chain this size won't happen overnight."

Indeed, avers Herzer, the sometimes unwieldly size of the 46-state, 460-unit, full-service chain "has been one of [IHOP's] problems" during recent struggles to shore up declining per-store sales averages, and to overcome a competitive malaise brought on by the bankruptcy demise last year of Swiss-based Wienerwald, the chain's former parent.

Backed by patient investment-banking creditors of Wienerwald who assumed ownership of IHOP, Herzer has begun to reshape the largely franchised blue-roof network.

To help itself stay afloat during lean times, the company spun off 22 units from the company-operated camp to franchisees and others over the last 12 months, in addition to selling the 39-unit Love's Barbeque chain. This redirection of assets cost IHOP $16 million in reduced revenue last year from 1982 levels.

But the trimmer company store fleet allowed IHOP to address at least some of the complaints franchisees have been voicing regarding the parent/company's support.

IHOP, which has seemed to be making a wearisome series of comebacks and declines in recent years, may now have found its feet.

Menu and motivation are seen by the company as the keys to a sustained recovery. A revamped menu featuring 17 new dinner items in the $2.50-$6 range has so far been installed in about 40% of the chain in a continuing rollout moving from West to East.

Unit operators report gains in nonbreakfast meal periods of from 50% to 100% with the new items aboard, reflected in a reported 9.6% average unit sales increase in the first half—less than 1.5% coming from menu-price inflation.

"We are pros in the breakfast segment," declares Herzer. "Our challenge now is motivating and training our people in the other day parts. We need to drive per-unit volumes up."

With most of its new dinner items falling in the $2-to-$4 bracket, IHOP is broadening its traditional blue-collar clientele, while also reinforcing its breakfast-period strengths through advertising funded from a $4 million annual media budget.

With funds derived from franchisee co-ops, TV spots like one running in the Los Angeles market are apparently having their effect. On TV, the large concentration of IHOP restaurants in Los Angeles feature a combo of eggs, bacon and sausage with choice of three kinds of pancakes for $2.49.

IHOP claims not to feel much competition from within the pancake-specialty niche it dominates. Outside that niche, however, fast feeders have caused customer defections through a growing, evolving involvement on their part with low-priced breakfast offerings (countered by IHOP with a "come in and have a decent breakfast" pitch in one ad campaign).

Check averages and the relative sales ratios of IHOP's meal periods are both in a state of flux, says the company.

But the reappearance of profit last year after a corporate loss of $1.47 million in 1982 has fostered an attitude of optimism in IHOP's executive suite.

"Most importantly, we have the past behind us," says Herzer. "We've divested all the non-IHOP concepts [Love's, Copper Penney], though it's taken us 20 years to do that. Now we'll concentrate on a 25-year-old, very viable concept."

Corporate plans for the next 12 months call for construction of about 10-or-so new IHOP units for franchising, each with 120 seats, 4,000 sq. ft., costing about $750,000 on average.

***INTERNATIONAL HOUSE OF PANCAKES***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $208.3 | $214.3 | $230.0 |
| Revenue (In Millions) | $98.6 | $82.1 | $80.0 |
| Operating Profit (In Millions) | ($1.5) | $3.1 | N/A |
| Average Same-Store Sales (Units open 12 mos. or more) | $415,000 | $467,900 | $494,600 |
| Number of Units | 500 | 458 | 465 |
| % Menu-Price Increase | 4.0% | 2.0% | 1.5% |

Source: *NRN* Research **NRN* Estimate
N/A = Not Available

**IHOP president Richard Herzer says what's most important is that "we have the past behind us."**

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## CHAIN ANALYSIS/PART 1: DINNERHOUSES

***In the dinnerhouse segment, pub restaurant chains cope with preventing customers from overindulging in alcohol while rolling out 'lighter' foods; seafood dinnerhouses experiment with new menu items, and Mexican dinnerhouses unveil massive expansion plans.***

# *Menu additions evolve to please sophisticated palates*

**T.G.I. FRIDAY'S**

## *Plan to add 20 units this year*

**By Ken Frydman**

DALLAS — T.G.I. Friday's, the casual theme restaurant/pub chain whose success attracting young, upwardly mobile singles spawned an industry of imitators, is evolving with new menu design and philosophy as its customers develop more sophisticated palates and worldly lifestyles.

T.G.I. Friday's Inc. operates, licenses and franchises 78 casual theme T.G.I. Friday's restaurants/pubs in 29 states coast-to-coast, also operates seven Dalt's and two Fast Friday's in six states, including Florida, Texas and in the Northeast.

The company, which went public last December, plans to add approximately 20 T.G.I. Friday's this year and next, eight to 10 Dalt's—a 1940's-style bar and grill concept—and will continue to test market Fast Friday's, a 90-seat, Dallas and Oklahoma City-based concept with food and eclectic motif inspired by T.G.I. Friday's.

Attempting to appeal to the changing tastes and desires of the 25- to 40-year-olds who compose the core of its customer base, T.G.I. Friday's is experimenting with all three of its concepts.

"Our concepts are based on change. Today that means lighter, more healthful foods like Oriental, Mexican and Northern Italian dishes with lighter sauces—everything from gourmet pizza, shrimp salad, croissant sandwiches, and iced tea to red wine and fettuccini Alfredo," said Greg Dollarhyde, T.G.I. Friday's vice president of finance. "The whole idea is to have a broad enough product mix to pull in people from all walks of life."

Dalt's, T.G.I. Friday's and Fast Friday's also offer an array of soups and chili, hamburgers, appetizers, specialty sandwiches, house specialties, chicken and beef dishes, quiche, eggs and omelets and desserts. Dalt's best sellers include fried zucchini ($3.25), a steamed vegetable platter ($2.95), peel and eat shrimp ($4.25), bacon cheeseburger ($3.25) and spicy chicken burritos ($4.50).

T.G.I. Friday's is best known for its wide assortment of specialty and mixed drinks, which combine to contribute liquor sales totaling nearly 40% of total chainwide sales. Alcohol categories range from light drinks, cream drinks, fruit drinks, hot drinks and vodka drinks to cordials and a "drink compendium."

As T.G.I. Friday's and its spinoffs continue to chase millions of young, urban adults, its financial picture continues to brighten. Fiscal 1984 net profit for T.G.I. Friday's, Dalt's and Fast Friday's is up to an aggregate 9.6% to $11.4 million and operating profit, which constitutes 17.4% of sales, increased 6.3%, from $39.5 million in fiscal 1983 to $42 million in 1984. Revenue and systemwide sales have also climbed.

Following its first public offering last December, which raised $74 million through the issuance of 4.5 million shares of common stock, T.G.I. Friday's repaid a bank debt incurred to pay a dividend to parent Carlson Companies Inc. of Minneapolis. In fiscal 1983 net profit increased 10.3% to $10.4 million from $9.4 million in fiscal 1982, and revenue ballooned 22.3% to $229.5 million from $187 million in 1982.

Both average per-person checks, at $8.50, and menu price increases, at 2% annually, have held steady at T.G.I. Friday's over the last three fiscal years, although average same-store sales have risen 2.9% in fiscal 1984, from $3.4 million to $3.5 million. Dalt's and Fast Friday's $6 to $7 average per-person checks are slightly lower than T.G.I. Friday's.

"Our goal is to grow in net income by 25% to 30% over the next five years," said Dollarhyde.

In order to achieve that 25% to 30% net profit growth, T.G.I. Friday's will have to contend for customers and sales not only with Bennigan's and Houlihan's, but with another food-service competitor—supermarkets and grocery stores.

"Grocery store products like Lean Cuisine and supermarket delicatessens are the biggest long-run competition for the eating-away-from-home dollar and the restaurant industry," said Dollarhyde. "Our most important goal is to keep customers happy and in the restaurants."

T.G.I. Friday's multiple-unit chain growth will be concentrated on key urban markets like Chicago and Los Angeles, where there are currently only seven restaurants. "We're very conscious of demographics. Friday's usually needs 350,000 people in a five-mile radius. There are seven million people alone in the Los Angeles basin area," Dollarhyde said.

Although menu design is being experimented with throughout the T.G.I. Friday's system, the theme decors will probably not be altered. Since the first T.G.I. Friday's opened on Manhattan's Upper East Side in 1965, the concept has been marked by the eccentric memorabilia collected around the globe by chain founder, president and chief executive officer Daniel R. Scoggin.

The 38 standard size, 232-seat and remaining 174-seat junior-sized T.G.I. Friday's are highlighted by tiered seating designed around large, four-sided bars with oak floors. Interior spaces are accented by brass railings, stained glass, hanging plants and modern objets d'art, moose heads, racing sculls, wooden airplane propellers, stained glass windows and wooden print blocks. The Dalt's interior design package consists of an exhibition cooking area, mahogany grillwork, marble counters and imported tile floors.

Like decor, the core menu at T.G.I. Friday's should remain intact. "Menu design wasn't our only innovation—so was menu content. T.G.I. Friday's was the chain which popularized appetizer potato skins, nacholupas, fried zucchini, stone-ground whole wheat bread, avocados, bean sprouts and Mexican appetizers across the country," said Dollarhyde.

*T.G.I. FRIDAY'S*

(Fiscal Year Ended Dec. 31)

| | 1982 | 1983 | Current Fiscal Year |
|---|---|---|---|
| Systemwide Sales (In Millions) | $186.3[1,3] | $227.1[1,3] | $268.0[2,3] |
| Revenue (In Millions) | $187.7[1,3] | $229.5 | $272.0 |
| Net Profit (In Millions) | $9.4 | $10.4 | $11.4 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $3.6 | $3.4 | $3.5 |
| Average Per-Person Check | $8.50 | $8.50 | $8.50 |
| Number of Units | 75[1,3] | 91[1,3] | 89[2,3] |
| % Menu-Price Increase | 2.0% | 2.0% | 2.0% |

Source: *NRN* Research **NRN* Estimate

[1]Includes 6 Dalt's units
[2]Includes 7 Dalt's units
[3]Includes 2 Fast Friday's

# *Lighter, lower calorie items created to meet young-adult market demands*

**HOULIHAN'S**

KANSAS CITY, Mo. — Seeking to maintain its place on the crest of a moving wave of taste and public mores, Houlihan's Old Place Restaurants is adding lighter, lower calorie menu items and promoting a "responsible" approach to on-premise drinking.

The 63-unit Gilbert/Robinson owned and operated casual-theme chain recently introduced a supplemental, reduced-calorie menu, similar to the one unveiled by segment competitor T.G.I. Friday's.

"Our marketplace is changing and we want to change with it by giving our customers what they want," said Steve Thompson, Houlihan's financial vice president.

Houlihan's core market, like that of T.G.I. Friday's and Bennigan's, the other main casual-theme segment competitor, is composed of upwardly mobile 25- to 40-year-olds.

Among the most popular new low-calorie items in Houlihan's 140- to 185-seat units are 60-calorie chilled gazpacho ($1.95); 385-calorie stuffed potato skins with Monterrey Jack cheese ($3.85); 425-calorie chicken fajitas or 460-calorie beef tajitas, hand-rolled tortillas with bell peppers, onions, tomatoes and four spices ($6.85 and $7.65, respectively); 350-calorie sesame shrimp stir fry ($7.95), and 295-calorie peach melba mousse pie ($2.35).

For traditional Houlihan customers who "talk light, but eat heavy," the standard menu offers London broil with baked French onion soup and salad ($10.45), and a variety of quiche and salad or quiche and soup dishes ($5.65). "I think our menu design and pricing will continue to ride on changes in economic conditions," said Thompson.

Of course, Houlihan's bottom line still relies heavily on alcohol sales. But with the national uproar over drinking and driving has come a more responsible approach to pouring at Houlihan's. Its managers and bartenders carry cards advising drunken patrons that the restaurants can't continue serving them alcoholic beverages. The cards also offer the restaurants' assistance in calling inebriated customers a cab.

The chain provides coffee and hors d'ouevres at the door to help patrons sober up before leaving. And Gilbert/Robinson's "Be a Lifesaver, Prevent Drunk Driving" program includes a poster campaign ("Don't Let Your Friends Drive Drunk") discouraging driving while intoxicated.

"We were one of the first restaurant companies to come out offensively on the drunk driving issue because we didn't want to run the risk of things being dictated to us by law," said Thompson. "Our intent is not to kill all happy hour and liquor sales, but to control them rationally and responsibly."

The Houlihan's concept, again like T.G.I. Friday's and Bennigan's, is designed as a pub which serves food, not vice versa. The typical Houlihan's unit is full of mirrors, metal signs, posters and plants—all combined to create a relaxed, casual drinking environment. The eclectic interior decor package has remained intact since the first Houlihan's opened here in 1972.

The all company-owned chain will continue to open six to eight units a year, depending on economic and market conditions. "I see grocery stores, delicatessens and other carry-out businesses being real competition to the casual-theme segment, as well as some fast-food chains which are targeting the 25- to 40-year-old market with upscaled items," said Thompson.

While two-thirds of Gilbert/Robinson restaurants are Houlihan's units, the company also operates a series of one-of-a-kind restaurants here and in other United States cities. They include the Buena Vista Cafe in San Francisco, Lily's and Cricket's in Boston and four Bristol Bar and Grill mesquite-grilled seafood restaurants. Gilbert/Robinson, in turn, is owned by New York-based W. R. Grace & Co.

**Casual-theme chain Houlihan's, with exteriors like this, are catering to the 25- to 40-year-old crowd.**

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: DINNERHOUSES

# *Aggressive expansion signals growth phase*

**EL TORITO**

**By Richard Martin**

IRVINE, Calif. — Despite presumptions by some of impending market saturation among Mexican dinnerhouses, El Torito is raising its prices and citing a "tremendous unmet demand" for Mexican food in its planned strategy of nearly doubling the 130-unit chain over the next five years.

While continuing with menu innovations and upgrades, the 30-year-old company founded by current president Larry Cano intends to back-build throughout its 26-state territory, concentrating expansion in California, the northeast, and in the Florida and Chicago markets. Acquisition and conversion of existing restaurants should be El Torito's predominate method of growth.

Mindful of its principal Mexican dinnerhouse competition, Louisville, Ky.-based Chi-Chi's, El Torito targets from 20 to 25 new units each year through the end of the decade, at a current cost of about $1.5 million per unit, less land.

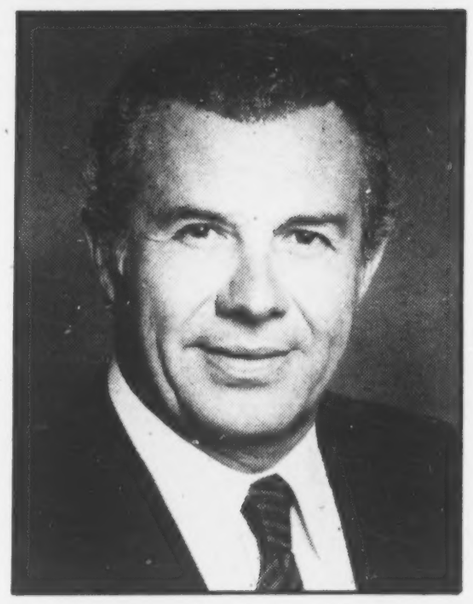
Among other competitors, company strategists are less concerned about the relatively static Casa Gallardo, Garcia's of Scottsdale, Acapulco and Casa Lupita chains. But despite slowdowns elsewhere, executive vice president and chief financial officer Martin Casey says the company sees a "huge, untapped market" as the basis for its growth objectives.

El Torito is a majority-owned subsidiary of W. R. Grace, which bought the then-24-unit chain in 1976 and took it public last January. Although the majority of its restaurants are called El Torito, the company also operates a variety of other full-serve/full-bar Mexican concepts, principally La Fiesta and Tequila Willie's.

For the first quarter ended March 31, the company reported net profit of $1.56 million on sales of $58.5 million—gains over last year's first quarter of 114% and 25%, respectively. The initial quarterly boost this year followed a 23% net profit gain to $7.75 million for all of 1983 on a 22% sales increase to $210.7 million.

During the process of preparing to go public, El Torito conducted analyses of its marketing and pricing policies which showed room for "aggressive" price increases. An average per-person check of $5.40 measured through last year's third quarter was deemed too low; a series of price hikes being implemented regionally so far this year should markedly boost annual sales, although implementation costs of expanded and revamped menus could mitigate these gains somewhat in terms of comparable margin increments.

El Torito officials have not disclosed the percentage scope of menu-price increases implemented this year to achieve a likewise undisclosed targeted check average. A reshuffling of menu items, including 25 new offerings on a new 30th anniversary menu, make year-to-year comparisons difficult.



**Larry Cano**
*El Torito president*

Among new items described by company officers as "very successful" is the $8.95 Sizzling Fajitas dish—a build-your-own-taco aggregation comprising a ½ lb. of marinated steak strips, with onions, bell peppers and tomatoes, served in a sizzling skillet with tortillas, guacamole and beans.

Other new dinner combos ($5 to $9.55) reportedly prompting many typical customers to "buy up" from old favorite dishes include enchilada salad; taco salad; chicken and avocado salad; empanadas; Cancun chimichangas (shrimp, crab and whitefish in a fried burrito for $7.25), and arroz con camarones (rice with shrimp) for $9.55.

Entirely new for El Torito is a line of four jumbo hamburgers priced from $4.45 to $5.45, including a tostada burger, a bacon and cheese burger, a Torito burger and a gringo burger.

While exploring possible additions of more chicken dishes, El Torito has begun to address the mesquite-wood grilling trend with installation of wood braziers in new units. Mesquite is already being used in at least six El Torito restaurants.

A report trend of declining alcoholic beverage consumption throughout the industry has left El Torito unaffected, company sources indicate. Approximately 45% of all sales reportedly come from bar items—a ratio unchanged form prior years.

***EL TORITO***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $173.2 | $210.7 | $255.0 |
| Net Profit (In Millions) | $6.3 | $7.8 | $8.9 |
| Average Per-Person Check* | | $5.40 | |
| Number of Units | 97 | 114 | 130 |

Source: *NRN* Research **NRN* Estimate

# *Avoiding the enemy means staying ahead*

**CHI-CHI's**

**By Rick Telberg**

LOUISVILLE, Ky. — While sidestepping head-to-head battles in enemy territory, Chi-Chi's remains one of the few Mexican dinnerhouse operations achieving national expansion.

The chain could grow to 190 units this year, up from 136 in April, and rack up systemwide sales approaching $500 million, up from $310 million.

Unless Chi-Chi's self-destructs, only El Torito poses a national threat. But the W. R. Grace & Co. subsidiary remains largely confined to California, unsupported by a franchise network, and still tinkering with its sales mix and check average.

Nevertheless, Chi-Chi's has shied away from California and Texas, which, in addition to El Torito, bristle with a host of smaller chains and home-grown independents.

Skirmishes between Chi-Chi's and El Torito could be looming, however, in Boston and Chicago.

Chi-Chi's bought back a three-unit Boston franchisee recently with plans to build six more units in The Hub. El Torito is converting restaurants it purchased from Howard Johnson in New England.

Chi-Chi's, however, has not vanquished every foe. Franchisee Kelly-Johnston, for example, made the mistake of building oversized stores in undersized towns and also opening two stores in St. Louis, where General Mills' Casa Gallardo has eight restaurants.

Oklahoma City-based Kelly-Johnston retreated from both fronts, making Consul Corp. of Minneapolis Chi-Chi's biggest franchisee with 36 stores.

After a number of buybacks in recent years, Chi-Chi's may have only seven franchisees left, and more buybacks are expected as the parent corporation matures.

Though it has a short track record, Chi-Chi's has spared itself the crippling errors made by many other chains, which at first seemed to have an equal chance at success.

Though Casa Gallardo held onto its hometown, development funds are now being siphoned off to Red Lobster, another General Mills holding in desperate need of a quick fix.

In addition, Casa Gallardo's initial menu was too authentically spicy for American tastes. Now, like Acapulco, Casa Gallardo is mainstreaming its product line to more closely resemble the Chi-Chi's formula.

Garcia's has been hamstrung by poor site selections. Pancho's Mexican Buffet, has a good hold on Dallas, but otherwise operates in a slightly lower-priced segment. Ponderosa's Casa Lupita is barely airborne. Diversifoods' Cisco's is fast disappearing. And Marriott's Casa Maria seems only a half-hearted effort.

Chi-Chi's has also resisted the temptation to boost bar sales beyond 35%, opting instead for a more stable family clientele. El Torito's bar business was 45% of sales last year, up from 35% in 1979.

After Kelly-Johnston, for example, flopped with standard 10,000-sq.-ft. restaurants in some markets, Chi-Chi's Inc. bared plans to begin building downsized 7,500-sq.-ft. stores.

One in-line unit has been open for years and only three to five may join the system this year, but the smaller units can go into smaller markets and fill-in existing ones.

Chi-Chi's Inc. finished fiscal 1984 with net profit of $16.7 million, an 84% gain over 1983, and revenue of $161.7 million, up 60%.

***CHI-CHI'S***

**(Fiscal Year Ended April)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $183.2 | $310.0 | $496.0 |
| Revenue (In Millions) | $97.6 | $161.7 | $258.7 |
| Net Profit (In Millions) | $9.1 | $16.7 | $27.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $2.7 | $2.6 | $2.7 |
| Average Per-Person Check* | $7.45 | $7.65 | $7.90 |
| Number of Units | 92 | 136 | 190 |
| % Menu-Price Increase | 3.0% | 3.0% | 3.0% |

Source: *NRN* Research **NRN* Estimate

# *Shaping up shops with mesquite and oyster bar overhaul*

**RED LOBSTER**

**By Rick Telberg**

ORLANDO, Fla. — General Mills is pouring $104 million into its 370-unit Red Lobster seafood dinnerhouse chain in a two-year effort to overhaul the entire chain with a new menu, mesquite grills and an oyster bar.

But Red Lobster's gain may come at the expense of General Mills' other restaurant holdings.

The 34-unit Casa Gallardo Mexican dinnerhouse chain, for example, is reportedly scaling back growth plans by maybe half. York Steak Houses, which closed 30 ailing stores last year, may stagnate at about 130 outlets and be forced to seek real gains from operations and advertising. Thirty-two-unit Darryl's may be left to its own devices and 40-unit Good Earth, already half franchised, may find most of its growth in new licensed stores this year.

Yet if other chain makeovers are a guide, refurbished Red Lobsters could register 20% to 30% sales gains, boosting the current $2.2-million-a-year unit volumes to maybe $2.75 million. At a cost of maybe $250,000 per store, it appears well worth it.

The construction pace is feverish. Carpentry is done at night, supervised by the unit manager while another unit manager manages the store during the day. Morale, kindled in part by some of the highest salaries in the industry, is said to be high.

According to the construction schedule, some 40 stores may be under reconstruction at one time this summer. But Restaurant Group president Joe Lee reportedly runs a well-greased machine capable of quick deployment.

In some ways, however, Red Lobster is making up for lost time. Executives are the first to admit that they misdiagnosed recessionary sales softness as a cyclical rather than secular change in eating-out tastes.

The new format features an yster bar, where, while diners wait, they can drink and watch an oyster-shucker in a more casual and lively environment than standard Red Lobster lounges.

Mesquite grills add a touch of flair to the dining room scene and act as powerful merchandisers.

The new menu is bigger, with more choice of entrees, portion sizes and price points. Linguini with a variety of sauces is available at about $7, less at lunch.

Typical checks, however, should remain unchanged: $8 to $10 at lunch and $10 to $12 at dinner.

***RED LOBSTER***

**(Fiscal Year Ended May)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $715.0 | $780.0 | $890.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $2.10 | $2.20 | $2.40 |
| Number of Units | 360 | 367 | 370 |

Source: *NRN* Research **NRN* Estimate

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## CHAIN ANALYSIS/PART 1: FAMILY STEAKHOUSES

***Family steakhouse chains have apparently recovered from the recession due in no small part to their clever repositioning with new decor packages and stepped-up marketing of nonbeef items including salads, seafood and chicken. Segment leaders report a jump in traffic.***

# *Expansion beckons following chainwide repositioning*

### SIZZLER

LOS ANGELES — Repositioned as a moderately priced dinnerhouse chain specializing in steaks, seafood and salads, a rejuvenated Sizzler is embarking on its first significant expansion program in several years.

About three-dozen company-operated and franchised Sizzlers will open during the current fiscal year which began May 1, including the chain's first Manhattan unit—franchised by the powerful Riese Organization—and perhaps Sizzler's first unit in Australia.

The chain, which is 71% owned by Collins Foods International, the largest Kentucky Fried Chicken franchisee with 251 units is also developing Emma's Taco House. One unit is opened in Las Vegas and two others are planned in Los Angeles.

Hit hard between 1980-82 by rising beef prices, a recession that hurt its blue-collar customer base and consumer demands for nonbeef items, Sizzler moved out of the budget steakhouse segment by remodeling its restaurants and expanding its menus.

President-chief executive Tom Gregory reports that margins improved and customer traffic rose in fiscal 1983. Collins chairman-chief executive Jim Collins said that customer traffic in the first three months of 1984 rose 14% despite severe winter weather. "Sizzler's growth has been phenomenal," he added.

Net income in fiscal 1984 ended April 30 rose 37% to $7.9 million on a 10% revenue increase to $142 million. Systemwide sales at 451 Sizzler units jumped about 11% to $394 million. Average checks were up to $6.33 from $6.03 in fiscal 1983, and same store average sales at 139 company-operated units rose 8% to $961,200, vs. $875,000 systemwide.

These improvements were accomplished through repositioning and menu diversification, according to Collins president Richard Bermingham. Units were remodeled to include atriums, plants and a more upscale look and the once beef-dominated menu expanded to include lobster, shrimp, crab, salad bar, soup bar, barbecued ribs and chicken. The menu mix is now 45% beef, 35% seafood and 20% chicken.

Noting consumer demands for foods that are perceived to be lighter and healthier than red meat, Bermingham offered Collins' philosophy as explanation for improvements at Sizzler: "Make the customer happy and you're bound to make money."

The current year holds the key as to whether the repositioned Sizzler has staying power. Seeing the improvements from the systemwide remodeling and menu diversification programs, the chain plans to open 36 franchised and company restaurants this year, including the first of about 50 franchised units in New York City, where chain dinnerhouses are few and far between.

Collins, who founded the chain, said that lack of manpower has been the main reason unit expansion was low in 1982-83.

A poorly performing Sizzler in Las Vegas was converted to Emma's Taco House last year after Collins bought the rights and trade secrets to that independently owned California concept. Emma's is a moderate-priced Mexican dinnerhouse.

That first Emma's is not doing well, according to Bermingham, who places the blame for low sales on the poor location.

Collins Foods operates 251 KFC units in the Western United States and Australia and six food-service distribution centers. It has acquired 10 Josephina's Italian dinnerhouses and is developing Gino's East, a Chicago-based pizza concept, with Lettuce Entertain You. It is also developing a concept called Ed Debevic's, a 1950's-style coffee shop with large burgers, in a joint venture with Lettuce Entertain You and Big Four Restaurants of Phoenix.

***SIZZLER***

**(Fiscal Year Ended April 30)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $354.0 | $394.0 | $450.0 |
| Revenue (In Millions) | $128.0 | $142.0 | $156.0 |
| Net Profit (In Millions) | $5.7 | $7.9 | |
| Average Same-Store Sales** (Units open 12 mos. or more) | $883,000 | $961,000 | $1,000 |
| Average Per-Person Check* | $6.03 | $6.33 | $6.50 |
| Number of Units | 440 | 451 | 487 |
| % Menu-Price Increase | 3.0% | 3.0% | 3.0% |

*Source:* NRN *Research* *NRN *Estimate*

***Average same-store sales are for company-operated Sizzlers. The systemwide is estimated at about $875,000 in fiscal 1984 ended April 30, up about 9% over year-earlier results.*

# *Unit remodeling, Freshtastiks 'push' are twin aims*

### BONANZA

**By Ken Frydman**

DALLAS — Bonanza's evolution from a Western motif budget steakhouse chain to a more upscale, full-service family dining operation is nearly complete.

USA Cafes, the multiconcept franchisor of 500-plus Bonanza units in the United States, has physically remodeled one-third of the chain's units at a cost of $60,000 per unit.

The interior and exterior changes give Bonanza stores a "lighter, brighter and more contemporary" look and feel, complementing a new menu design featuring chicken and fish entrees, an expanded breakfast program and the 60-item Freshtastiks food bar.

Freshtastiks, a lineup of vegetables, soups and salads, is intended to lessen the chain's dependence on red meat items and attract a broader cross-section of the dining-out public. The strategy is apparently working: More than 35% of Bonanza sales are nonred meat items, which has lowered the chain's food costs and helped attract more white-collar customers, especially women.

Bonanza's average per unit sales have increased more than 23% since fiscal 1982, from $596,000 to $734,000 projected for fiscal 1984, ending Sept. 30. Average per-person checks are up from $4.10 to $4.75; systemwide net profit has nearly doubled, from $1.2 million to $2.3 million, and systemwide sales have jumped 9.65% to $386 million.

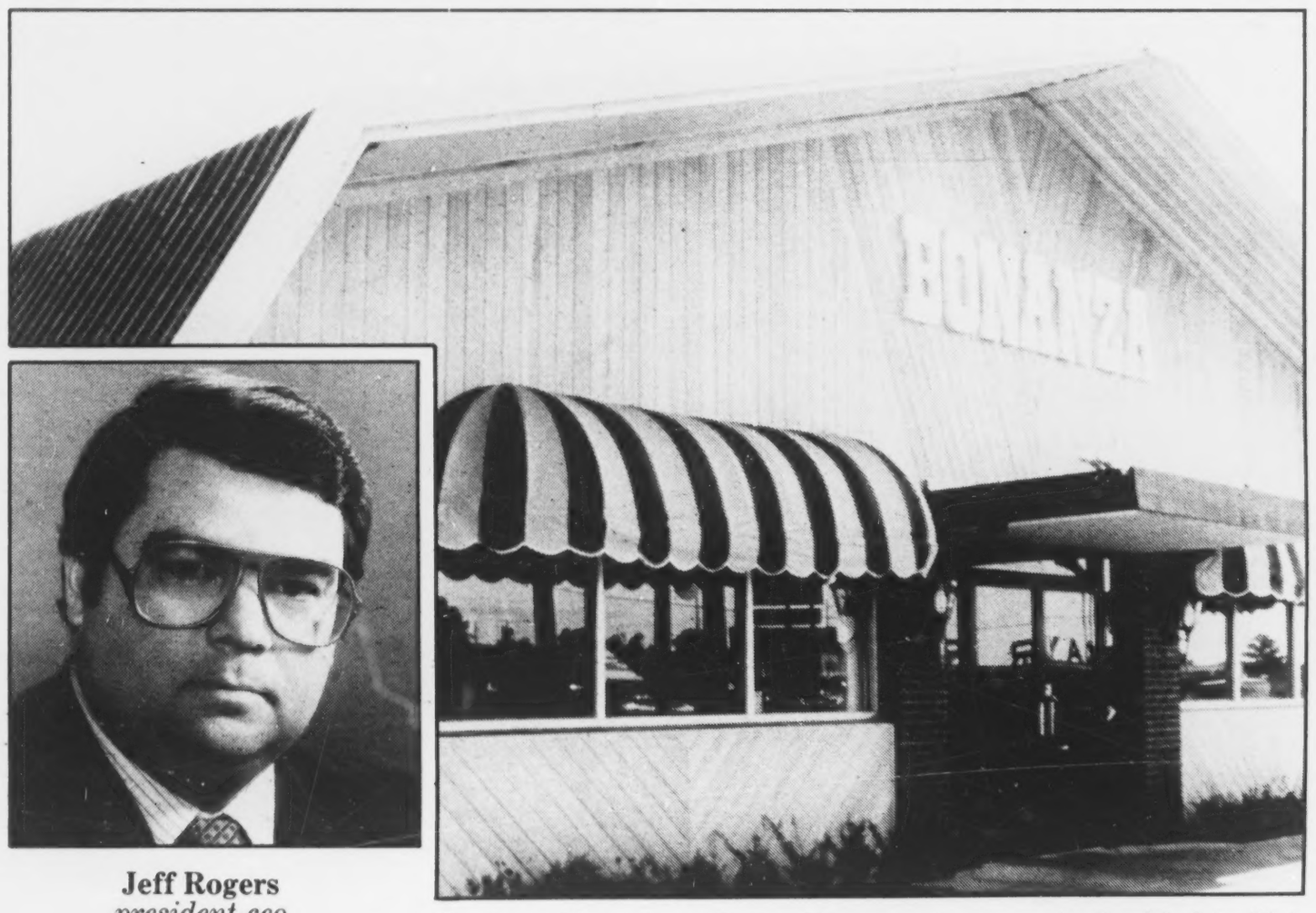
Along the way, the percentage menu price increase has risen 5% to 8% a year as new chicken and seafood items, as well as upgraded steak dishes, have been introduced throughout the system. The systemwide Freshtastiks program now accounts for 21% of the total product mix as an individual item, priced from $2.69 to $3.29 at Bonanza units throughout the country.

"Our goal for the next year is to finish up the chain remodeling program and further enhance the Freshtastiks theme and image," said Tim Shaw, USA Cafe's national advertising manager. USA Cafes plans to combine the remodeling program, new product introductions, and the Freshtastiks concept under one national promotion and advertising umbrella, added Shaw.

With chairman Sam Wyly again failing to take Bonanza private, the company will continue expanding at a rate of 50 to 70 new units per year, all through franchising. USA Cafes currently owns and operates only eight Bonanza units, utilizing them as training facilities.

While Bonanza International has become a real estate company and franchisor of the 22 Bonanzas in Canada, USA Cafes is franchising several concepts besides Bonanza. Last year it acquired rights to Primo, a diversified food-service concept, and more recently, franchising rights to 36% of Shakey's Inc. stock, for $2.5 million.

The Shakey's agreement provides for mutual franchising of both the 355-unit pizza chain and Bonanza concepts, and gives USA Cafes area development rights in six key territories. Shakey's franchisees also have the opportunity to franchise the Primo concept.




**Systemwide net profit for Bonanza has nearly doubled to $2.3 million, and systemwide sales have increased 9.65%.**



**Jeff Rogers**
*president-ceo*

**Tom Buckley**
*executive vice president*

***BONANZA***

**(Fiscal Year Ended Sept. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $352.0 | $369.0 | $386.0 |
| Revenue (In Millions) | $11.6 | $12.5 | $17.0 |
| Net Profit (In Millions) | $1.2 | $1.4 | $2.3 |
| Average Same-Store Sales (Units open 12 mos. or more) | $596,000 | $672,000 | $734,000 |
| Average Per-Person Check* | $4.10 | $4.45 | $4.75 |
| Number of Units | 566 | 541 | 532 |
| % Menu-Price Increase | 5%-8% | 5%-8% | 5%-8% |

Source: *NRN* Research *NRN* Estimate

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## CHAIN ANALYSIS/PART 1: FAMILY STEAKHOUSES

# *Lighter design and menu mix aim for family market*

**PONDEROSA**

**By Ken Frydman**

DAYTON, Ohio — Keeping pace in its segment's metamorphosis from budget steakhouse operators to full-service family restaurants, the 670-plus unit Ponderosa chain has been lightening its menu mix and brightening its building design.

The $200,000 per-unit remodeling program began with a single test unit in Englewood, Ohio, and will continue systemwide over the next four years. Modern touches like copper metal awnings will trim the exterior and white stucco will grace the interior.

Glass fronts, a light wood color scheme and plants will also be added to modernize the units' appearance and create atmosphere more appropriate for family restaurants than western-style steakhouses.

Complementing the physical redesign package is the "World's Biggest, Best Salad Buffet," a 50-item, all-you-can-eat salad bar and a breakfast buffet, complete with scrambled eggs, waffles, and gravy and biscuits. The salad buffet is now available in every Ponderosa location throughout its 26 state base of operations and the breakfast buffet has been rolled out to 400 stores.

Ponderosa's Mexican dinnerhouse concept, the 16-unit, regionally based Casa Lupita, is also extending it menu with breakfast and lunch buffets in selected units and converting many of its lounges to independent freestanding "saludos" bar concepts with separate outside entrances.

"We're making definitive changes in our concepts by substituting greater value for discounting and by changing our sales mix," said Donald R. Jackson, Ponderosa's executive vice president and chief financial officer.

Since the menu emphasis began its redirection six months ago, the red meat sales mix has dropped from 50% to 35%, according to Jackson. Ponderosa units have experienced a 30% increase in average per-unit sales to an anticipated $1 million during fiscal 1985. Meanwhile, the average per-person check has jumped from $4.12 to $4.57.

"The remodeling will give us an additional 15% boost in sales and I anticipate customer counts and sales figures continuing to increase," said Jackson. Ponderosa reported a 50% net profit gain, to $4.4 million, and a 21% revenue jump, to $121.4 million, for its first quarter ended May 17, compared to the same period last year. Four hundred forty-one Ponderosa units are company owned and operated and 230 franchised to others.

Ponderosa's major menu and decor adjustments come on the heels of a preferred public stock offerings of 1½ million shares, grossing the company $30.2 million and reducing its debt-to equity-ratio to 0.27 to 1, the lowest in many years.

The stock offering has allowed Ponderosa to pay off $22 million in long-term debt and negotiate a $60 million line of revolving credit. "We've got a very strong financial structure now and the resources to expand and enlarge the restaurants ourselves," said Jackson.

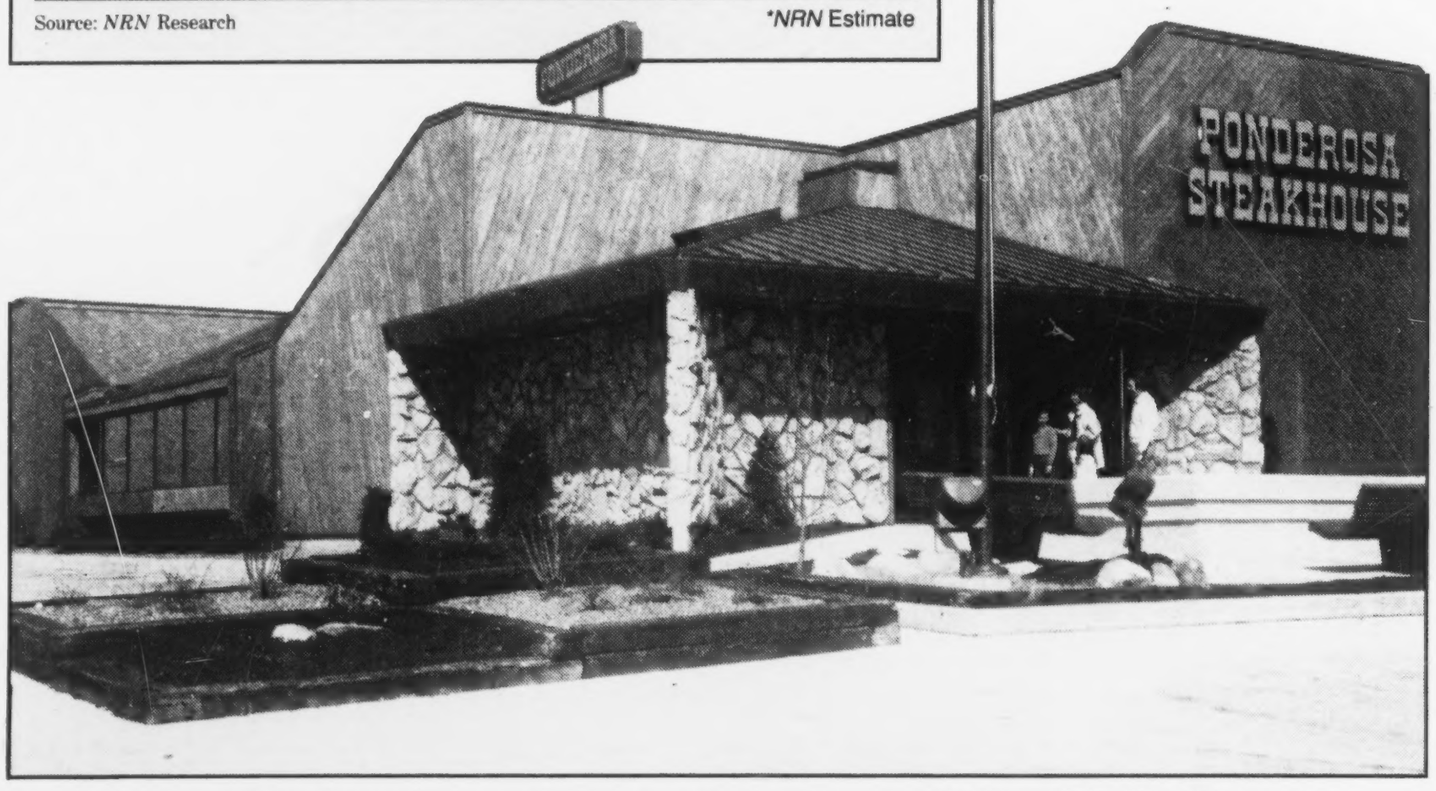
The public stock issue and $60 million credit line strongly suggest that Ponderosa is planning to go private, possibly through a management takeover buyout. Jackson would neither confirm nor deny that suspicion.

***PONDEROSA***

**(Fiscal Year Ended Feb. 28)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $554.4 | $596.0 | $650.0 |
| Revenue (In Millions) | $385.1 | $429.1 | $441.0 |
| Net Profit (In Millions) | $10.4 | $12.1 | |
| Average Same-Store Sales (Units open 12 mos. or more) | $770,000 | $857,000 | $920,000 |
| Average Per-Person Check* | $3.82 | $4.12 | $4.57 |
| Number of Units | 691 | 664 | 706 |

Source: *NRN* Research **NRN* Estimate




**Donald Jackson, Ponderosa's executive vice pres, figures remodeling will add 15% in sales.**

# *Menu additions signal move into white-collar market*

**GOLDEN CORRAL**

RALEIGH, N.C. — Golden Corral is recasting its image as a family steakhouse chain by modernizing its interior and exterior building design and adding to its red meat-dominated menu mix with chicken and seafood entrees.

In an effort to capture a new white-collar customer base, Golden Corral, owned by holding company Investors Management Corp., is supplementing its basic meat-and-potatoes menu by rolling out filet of chicken breast platters ($3.89), steak and chicken combinations, stuffed baked potatoes, and an upgraded salad bar.

Building designs now include solariums, higher rooflines and the "lighter, brighter" contemporary look of the 1980's, quickly becoming common in the budget steakhouse segment.

While the new chicken breast entree is in only 20% of Golden Corral's 300-plus units, and only six existing units have been redesigned so far, both the menu additions and decor package will systematically be implemented chainwide at limited increased costs to Golden Corral Corp., according to president Theodore Fowler.

It remains to be seen whether Golden Corral's reputation as a beef-oriented budget steakhouse chain changes because of the strategy. Historically, 80% of the chain's sales have come from red beef items, Fowler said.

When all the dust has settled, Fowler predicts a banner financial year for the all company-owned chain. "I see fiscal 1984 being our 12th straight year for increased sales, profits and number of units opened. In 1979, we had 106 restaurants opened and did $51 million in gross sales. We've virtually tripled both figures in five years."

Golden Corral net profit has also continued to rise, from $17 million in fiscal 1982 to in excess of $20 million in fiscal 1984. With an average per-person check of approximately $4.70, Golden Corral is still priced competitively with other budget steakhouse operators.

Golden Corral has carved out a 30-state niche, with most stores open in small Southern towns. "We've also got units open as far north as Pennsylvania and far west as Utah, Arizona, Wyoming, Nevada and California. But our concentration in the Pacific Northwest is very light," Fowler said.

Fowler credits much of Golden Corral's continued financial and physical growth to its partner/manager program. Managers, most of whom are natives of the towns in which their restaurants are located, invest in the company with financial help from Golden Corral Corp., earning a base salary plus 20% of profits.

***GOLDEN CORRAL***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $133.0 | $172.0 | $205.0 |
| Net Profit (In Millions) | $17.0 | $20.0 | |
| Average Same-Store Sales (Units open 12 mos. or more) | $674,000 | $705,000 | |
| Average Per-Person Check* | $4.49 | $4.62 | |
| Number of Units | 226 | 286 | 300 |

Source: *NRN* Research **NRN* Estimate

**Most of the more-than 300 units Golden Corral operates can be found in small towns across 30 states.**

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: DOUGHNUTS & ICE CREAM

***At least one major ice cream chain reconciles apparent conflicts between growing consumer demand for high butterfat ice cream and the parallel trend toward 'lighter' and 'healthier' foods by rolling out a low-calorie froxen dessert to augment its regular ice cream menu.***

# *New baked goods line, marketing moves fuel growth*

**DUNKIN' DONUTS**

RANDOLPH, Mass. — Determined to be the dominant retail bakery/coffee shop chain in every market they enter, Dunkin' Donuts has fashioned a unique marketing strategy that will see a further expansion of the 1,250-unit chain's product line and the opening of a second franchisee-owned warehouse facility to service its substantial markets in the Southeast.

With marketing responsibilities now divided along product lines, it is the company's bakery-products division that will be most active in the near future as the chain steps up its assault on the growing competition from supermarkets with in-store bakeries.

A breakfast biscuit, developed by the bakery products division and rolled out in the South last year, has been expanded to stores on the West Coast and is currently being tested in the Northeast and Central states for near-term rollout.

But the biscuits, which have substantially increased sit-down breakfast business, are only the tip of the iceberg, according to chairman and ceo Robert Rosenberg.

"Bakery products are definitely the fastest-growing market for us," said Rosenberg who took over as chairman last August after serving 20 years as president and ceo. "There's a very high demand for nonfried foods and our new line of baked goods will fill that gap." Rosenberg, however, declined to reveal any specific products although he said several are currently backed up in test.

Meanwhile, an intensive unit remodeling program designed to spruce up the chain's image continues apace. Approximately 65% of all Dunkin' Donuts stores now carry the new look (some are newer stores and others remodeled). The remodeling program will include about 60 stores per year, according to Rosenberg, at a cost of about $50,000 per unit.

Remodeled stores, Rosenberg said, have shown a sales improvement of about 8% in the first year, nearly 60% better than the overall average store gain chainwide which has been running at about 5%.

A key factor in the chain's continued sales growth has been its stepped-up national advertising campaign which has gained growing support among franchisees. While contractual obligations call for a contribution of 4% of gross store sales for advertising, some 80% of the chain's franchisees are now kicking in 5% and about 100 store owners have upped their contribution to 6%. Dunkin' Donuts plans to spend about $100 million in advertising over the next five years.

Growing franchisee unity has also contributed to the success of the chain's new franchisee-owned warehouse facility in Westboro, Mass., which has turned a profit in its first full year of operation, according to Rosenberg.

The warehouse concept, which enables store owners to carry a more complete product line while saving substantial procurement dollars, will be duplicated in the Southeast.

Dunkin' Donuts plans to add slightly more than 100 new units during the current fiscal year with about 1 in 5 outside North America. While the majority of new construction will take place in the chain's already established markets, Rosenberg indicated that Dunkin' Donuts will be entering the Midwest in much greater force.

***DUNKIN' DONUTS***

**(Fiscal Year Ended Oct. 29)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $434.7 | $475.8 | $518.8 |
| Revenue (In Millions) | $75.8 | $81.6 | $89.1 |
| Net Profit (In Millions) | $6.7 | $7.9 | $9.3 |
| Average Same-Store Sales (Units open 12 mos. or more) | $375,000 | $391,600 | $406,400 |
| Number of Units | 1,173 | 1,250 | 1,350 |

Source: NRN *Research* *NRN *Estimate*

# *Unified approach readies major metropolitan move*

**DAIRY QUEEN**

MINNEAPOLIS — In its continuing struggle to get in step with the modern food-service industry, Dairy Queen is preparing to take a giant stride forward by opening the door to a number of major metropolitan markets. In doing so, the 45-year-old company will be offering new franchising opportunities for the first time in nearly 15 years.

Comprised primarily of territorial licensees, many of whom predate current management, the loosely knit system is gradually being shaped into a unified chain under a single marketing plan.

With some 95% of the units—most based in rural towns and small cities—now displaying the same signage and about 75% adhering to a chainwide menu philosophy, the company has developed what may be a strong enough image to compete in and around major cities.

"In the past, we had suspended all major metropolitan development to concentrate on smaller communities," said president and ceo Harris Cooper. "We now feel, because of the success of our marketing plan, that a franchisee can come into an urban market and make a reasonable return on his investment."

Over the next few years, Cooper said, Dairy Queen will be looking to develop territories in Chicago, Los Angeles, San Antonio, San Francisco, Detroit, Miami, Tampa and Orlando.

With a chainwide marketing budget of $24 million, Dairy Queen is gradually developing a unified food program that includes a host of new products designed to upgrade the chain's image.

A new homestyle hamburger which "looks and cooks like homemade" has tested successfully in four markets, Cooper said, and could greatly improve Dairy Queen's hot food sales as the chain prepares for a slow rollout.

Meanwhile, a hard ice cream product—Queen's Choice—which was rolled out in 700 of the chain's 4,800 stores last year is now in close to 1,500 units and the product will be available in over 2,000 Dairy Queen stores by the end of next year.

Another development has been the introduction of ice cream cakes and logs at Dairy Queen mall units.

"Our franchisees are working together better each year," said Cooper. "Many are beginning to realize that our unified marketing program represents new opportunities for everyone. Slowly but surely we are becoming a modern chain.

***DAIRY QUEEN***

**(Fiscal Year Ended Nov. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.2 | $1.3 | $1.4 |
| Revenue (In Millions) | $99.3 | $116.7 | $128.4 |
| Net Profit (In Millions) | $6.2 | $7.2 | $8.1 |
| Average Same-Store Sales (Units open 12 mos. or more) | $252,000 | $270,000 | $279,000 |
| Number of Units | 4,754 | 4,747 | 4,927 |
| % Menu-Price Increase | 3.0% | 5.0% | |

Source: *NRN* Research *NRN* Estimate

# *'Special Diet' focuses on weightscale, not upscale*

**BASKIN ROBBINS**

GLENDALE, Calif. — In a move to capture a share of the largely untapped light dessert market, Baskin-Robbins is rolling out a low-fat frozen dairy dessert, Special Diet.

During the past few years, the 2,935-unit chain has been finding it impossible to match the growth rates of super-premium ice cream chains like Häagen Dazs, Sedutto and Frusen Gladje.

Now it appears that Baskin-Robbins is leaving the "upscale" ice-cream market to its more energetic competition, choosing instead to court the diet- and health-conscious segment of the population—women between the ages of 18 and 49, and children—long recognized as the heart of the chain's market.

Currently available in stores in 33 states, Special Diet is mostly being promoted in-store as containing little fat and cholesterol and moderately low sodium. It is offered in three flavors—mountain coffee, sunny orange and wild strawberry—and may be served in a cup or a cone.

A spokesman for the company says that Baskin-Robbins hopes to roll out the product chainwide by the end of the year or in early 1985.

In another move, 12-year president Robert J. Hudecek moved up to the post of chairman while still retaining his title as chief executive. He was replaced as president by Ronald B. Marley, who also took the title of chief operating officer.

A wholly owned subsidiary of London-based Allied-Lyons North America Corp., Baskin-Robbins expects to open approximately 200 more franchised stores around the world in 1984. To remain sensitive to its highly diversified group of franchisees, the company is planning to allow a larger degree of regional and individual decision-making in ice cream and product selection—currently, each franchisee must offer 34 corporately chosen flavors each month.

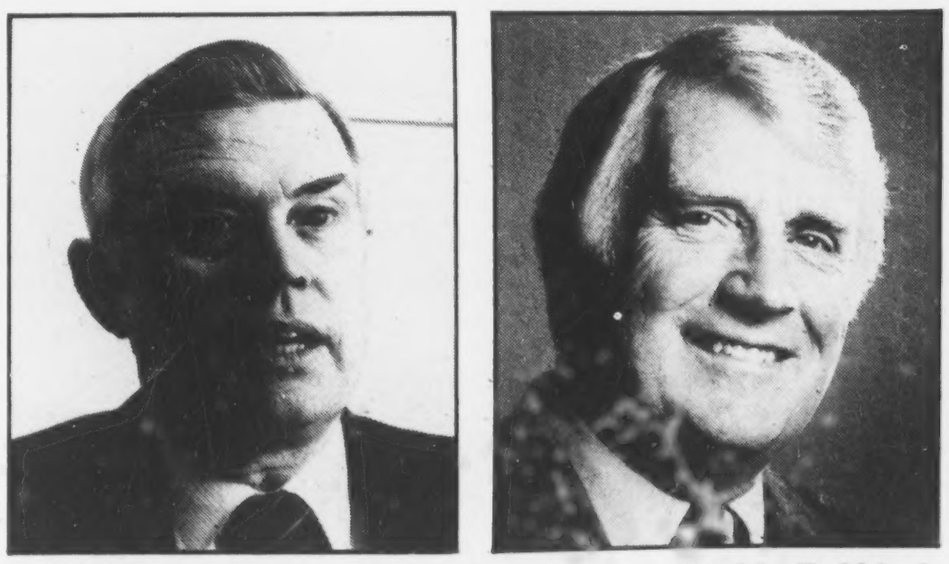
A possible redesign of the traditional Baksin-Robbins store is also being contemplated.

***BASKIN-ROBBINS***

**(Fiscal Year Ended Jan. 1)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $423.0 | $455.0 | $495.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $156,500 | $158,000 | $158,000 |
| Average Per-Person Check* | $1.00 | $1.01 | $1.03 |
| Number of Units | 2,625 | 2,935 | 3,135 |
| % Menu-Price Increase | | 1.0% | 5.0% |

Source: *NRN* Research *NRN* Estimate



**Robert Hudecek (above, right) has taken over Baskin-Robbins' chairmanship, while Ronald Marley (left) moved into the company's presidency.**

FOCUS NRN

CHAIN ANALYSIS/PART 1: HOTELS

***Food service plays an even greater role in the sales mix at major hotel chains while food and beverage directors cook up new menus with 'healthy' and 'lighter' foods. A leading hotelier, meanwhile, decides the days of several restaurants in one hotel may be numbered.***

# *Individual concepts working well for growing chain*

**HYATT**

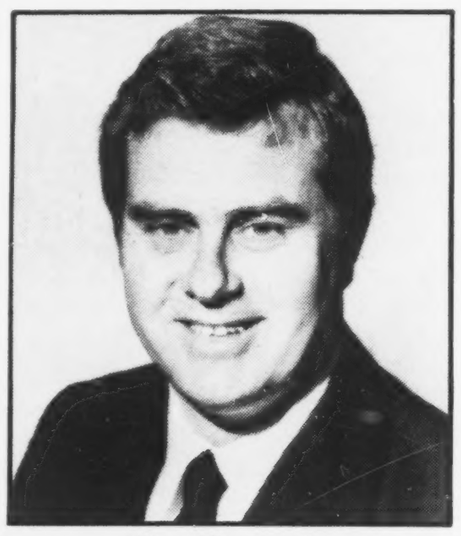
**By Susan Spedalle**

CHICAGO — Hyatt Hotels is experimenting with less formal and lighter menu restaurant concepts and the possibility of a single, all-purpose restaurant in its hotels.

Long committed to creating individual concepts for new locations, Hyatt food and beverage vice president James Howard will continue to develop teams of employees who plan and open new restaurants each year. Over the past year the company has opened eight new properties, bringing the total number of Hyatt Hotels to 75. Three to five additional properties will open in 1985.

All new hotels are now called Hyatt Regencys, although there is no difference between a Hyatt Hotel or Hyatt Regency food and beverage outlet. The name Regency, according to Howard, will be used because it connotes quality in the mind of the consumer.

The eight new Hyatt Regency Hotels are located in Long Beach and Oakland, Calif.; Princeton, N.J.; Columbus and Cincinnati, Ohio; Grand Cypress in Orlando, Fla., and Buffalo, N.Y.



**Jim Howard**

New food and beverage facilities range from the deluxe assortment found at the Grand Cypress (all-purpose restaurant, French seafood concept and fish/steakhouse) to the informal fine dining concept in Cincinnati which fulfills the need for a high end restaurant but leaves behind the formality of jacket and tie.

Merchandising in the unit is one of Hyatt's continuing concerns, says Howard. At the Grand Cypress the use of an exhibition kitchen and fresh fish displayed in the restaurant "send out a message of quality and freshness."

The restaurant sits apart from the resort complex on a promontory overlooking a pool and the grounds. The decor is a turn of the century Key West style with spinning ceiling fans and plenty of wood and wicker. When a customer orders a 2-lb. lobster the waiter—in a nontraditional method of merchandising—stands on his or her head.

As in the case of the Grand Cypress, Hyatt executives take into account the surrounding operations before they open a new hotel restaurant. More and more frequently they find themselves conferring with the food and beverage manager of an existing Hyatt. In Washington, D.C., for instance, a project which will add a second Hyatt Regency to the area is under consideration. Washington, D.C., is one of a handful of markets in which Hyatt would like to increase their profile, according to Howard.

The strength of competition in many markets has led Hyatt to experiment with different dining styles in their hotels. In Cincinnati where Howard says he found many good restaurants, the company rejected the idea of the formal type of high end restaurant found in most hotels. Instead they created a concept called Champs.

Tying into the local sports enthusiasm, the 160 seat Champs is a light wood and brass unit offering a fresh fish or red meat dinner with an average check in the low $20 range. The key to the concept, says Howard, is a moderate check, good service and a full wine list. It does not take three hours to complete a meal, he says, and the atmosphere is fun, not heavy.

Lightness in menu follows lightness in concept and that is Hyatt's aim with a new, all-purpose restaurant which will replace coffee shops in some locations and act as the sole restaurant in small hotels.

With a 300-400 room hotel, says Howard, one all-purpose restaurant may be all that is necessary.

The all-purpose restaurant offers wine by the glass, a menu consisting of more than grilled and fried items and can be subtly changed for dinner business with the use of small decor changes, such as low lighting.

*(Continued on page 136)*

***HYATT HOTELS***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year |
|---|---|---|---|
| Systemwide Sales (In Millions) | $150.0 | $180.0 | $187.5 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $2.80 | $2.90 | $2.90 |
| Number of Units | 62 | 72 | 75 |

Source: *NRN* Research

# *Family to business traveler switch causes intense focus on Plaza Hotel*

**HOJO**

NORTH QUINCY, Mass. — As Howard Johnson plunges ahead with its multitiered program to turn its lodging market from the family to the business traveler, attention is increasingly focusing on the new full-service Plaza Hotel concept.

But despite its visibility, Plaza Hotel's potential may be tough to realize as the company runs into a continuing series of capital requirement hurdles.

Present strategy to exploit the Plaza Hotel idea concentrates on acquiring others' hotel properties for conversion, and some ground-up conversion.

Review of the 500 motor lodges in the HoJo system has led to the conclusion that only a handful are right for the Plaza Hotel concept.

The lodges, meanwhile, are getting their own facelift. Last year, $11 million went into the revamp program for the lodges with special attention going to new concierge floors for the commercial traveler.

The new Plaza Hotels each have their own restaurant concept. Plazas are currently open in Washington D.C. and at J.F.K. airport in New York with average room rates of $55 to $65 a night.

***'The new Plaza Hotels are currently open in Washington, D.C. and at J.F.K. airport in New York with average room rates of $55 to $65 a night. Each Plaza hotel will include a full-service "first-class" restaurant.'***

Each Plaza Hotel will include a full-service "first class" restaurant, primarily designed to meet the needs of the hotel guest.

The "first class" restaurant, according to president Manny Ferris, is not a coffee shop, nor a fine dining outlet, but a large restaurant with a menu of "balanced cuisine," without the typical European sauces.

The menu from Mickey Cooper's, the 150-seat mauve and rose trilevel restaurant in the Washington hotel, includes a menu of soups, pastas, salads and fish, steak and chicken entrees. Old favorites such as roast prime rib of beef ($12.95) and filet mignon ($14.95) are included, with more novel dishes such as Crabtastic ($9.20) a salad of crabmeat, asparagus, tomatoes and pasta shells.

Managers and chefs for the restaurants are coming from within the Howard Johnson's chain: One chef ran a Red Coach Grill, a concept of which the company divested itself last year.

Banquet space in the new hotels will vary according to the market, but Ferris expects a large part of revenue to come from the average 9,000 sq. ft. to 12,000 sq. ft. set aside for banquet sales.

At the J.F.K. airport Plaza two rooms had to be converted to banquet space to meet the business expected there. The food-service facilities have a broad market, picking up businesses from local airport employees and Queens County residents as well as the numerour international travelers.

Advertising for the Plaza concept will be strong until mid-1985, when more of the hotels are built. Local promotion is being done now in markets where the hotels open up.

**Manuel Ferris**
*president, hotels*

**G. Michael Hostage**
*Howard Johnson's president*

# *Food and beverage gains helped by occupancy rate*

**HILTON**

BEVERLY HILLS, Calif. — While emphasizing a leadership role in food-quality improvement and menu development, Hilton Hotels is enjoying increased food and beverage sales on the coattails of room-occupancy gains derived from a generally improved economy.

But while average restaurant and room service checks are up slightly from last year, escalating labor and food costs have kept margins relatively flat. On the plus side, occupancy rates in 1984 have risen several points from last year's overall 64% average, and food cost inflation has begun to stabilize.

Food and beverage sales in the 54 Hilton hotels and hotel-casinos either owned outright, managed or run by the corporation as joint ventures are expected to total more than $420 million this year—nearly one-third of Hilton's total sales of more than $1.3 billion, which does not include sales in 200-odd smaller franchised Hilton hotels. (Total corporate revenue from only wholly company-owned properties last year was $669.9 million, yielding net profit of $112.6 million.)

Hilton will be trying to maintain an approximate 21% profit margin on food and beverage sales, partly with selected

*(Continued on page 136)*

***HILTON HOTELS CORP.***

**(Fiscal Year Ended Dec. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions)** | $662.0 | $717.0 | $750.0 |
| Revenue (In Millions) | $377.0 | $407.0 | $425.0 |
| Operating Profit (In Millions)** | $87.1 | $89.9 | $89.7 |
| Average Per-Person Check* | $9.98 | $10.35 | $10.70 |
| Number of Hotels | 238 | 246 | 266 |
| % Menu-Price Increase | 3.5% | 3.5% | 3.5% |

Source: *NRN* Research **NRN* Estimate

**Food and beverage sales and revenues only. Operating profit is for corporate food and beverage revenue only.

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: CAFETERIAS

***One major cafeteria chain, recognizing the geographical limits of the segment, steps up its development of seafood dinnerhouses and casual theme restaurants while a Texas-based cafeteria chain, recovering from the recession, eyes expansion into the West.***

**Morrison Cafeterias, like the one above, are only the tip of the iceberg.**

# *Modest construction considered after fighting flat traffic counts*

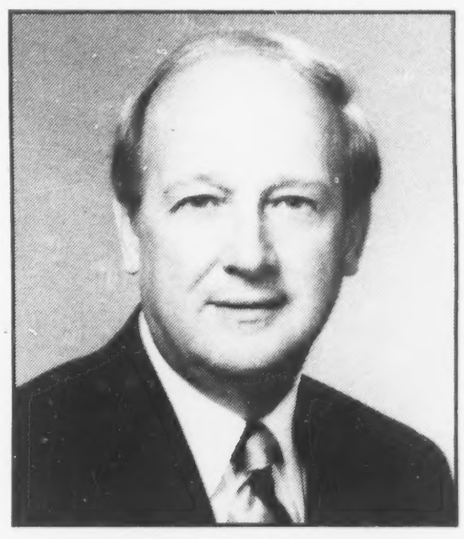
**MORRISON**

MOBILE, Ala. — After battling flat traffic counts last year, Morrison appears poised to resume a modest construction program. But it remains clear that the company's future lies outside its core cafeteria business.

The nation's biggest operator of public cafeterias plans to build 10 to 12 new units this year, while closing or converting one or two. There were 153 Morrison's June 2 when the company closed its books on fiscal 1984. The year before, there were 151.

But much of Morrison's record capital spending budget of $36 million this year will be poured into building eight new Ruby Tuesday pub-restaurants, adding to a base of 29. And four new L&N Seafood Grills—renamed from L&N Fish Markets—will join the pair now open.

Besides seemingly topped-out traffic counts and heavy investment costs, there is another reason for Morrison executives' restlessness with cafeterias: Cafeterias post sales of $175 per square foot, but Ruby Tuesday does $270 per square foot in half the space.



**E. E. Bishop**
*president and ceo*

With the long-awaited sale of the company's insurance subsidiary and a 500,000-share buyback drive, Morrison seems to be girding to acquire another small restaurant chain it can nurture in the Southeast. Its shopping budget is between $12 million and $20 million.

Because Morrison cafeterias remain eminently profitable at the unit level, the company enjoys the luxury of time. Morrison can withstand slow-growing sales while boosting profits through unit expansion.

Unit-level management, meanwhile, is being beefed up. A hundred new junior managers have been trained and deployed in the past year.

The marketing offensive Morrison launched last year against fast feeders and dinnerhouses continues today with seafood specials, later hours and a line of generic ads touting quality at a relatively low price. Average per-tray checks are up about 8% year-to-year to $4.14.

Food-service management contracts are becoming a growing part of the Morrison picture.

With more than 300 clients last year, the company grossed maybe $123 million. The revenue is nicely protected from inflation due to escalator clauses and does not tie up capital.

So-called "life care," which combines retirement communities with nursing homes, offer Morrison some sizable opportunities.

Morrison finished fiscal 1984 with $20.5 million net profit, a 10% increase over 1983, on revenue of $471 million, a 12% gain.

With a modest 12% gain in revenue this year to $525 million, Morrison could leverage a 17% earnings jump to $24 million. Meanwhile, Morrison is hunting for the right acquisition at the right price.

***MORRISON CAFETERIAS***

**(Fiscal Year Ended May)**

| | 1982* | 1983* | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $242.0 | $261.0 | $295.0 |
| Operating profit (In Millions) | $25.0 | $27.0 | $31.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $1.65 | $1.75 | $185.00 |
| Average Per-Person Check* | $394.00 | $414.00 | $4.35 |
| Number of Units | 151 | 153 | 164 |
| % Menu-Price Increase | 8.0% | 8.0% | 5.0% |

Source: *NRN* Research **NRN* Estimate

# *Tracking customer trends part of Hilton's strategy*

*(Continued from page 133)*

menu-price increases targeted to particular commodities whose costs have risen. No across-the-board menu-price increases are planned.

Taste trends perceived by food and beverage vice president Joseph Gardiner and staff continue to be reflected on Hilton menus in the presence of more fresh fish and white meat dishes. Moreover, a generally greater commitment to fresher,

***'Taste trends perceived by food and beverage vice president Joseph Gardiner and staff continue to be reflected on Hilton menus in the presence of more fresh fish and white meat dishes.'***

**Joseph Gardiner**
*vp, food and beverage*

more "healthy" foods has led to specification for more frequent deliveries and, thus, more costly food handling—balanced out somewhat by programs reportedly inducing higher productivity among culinary workers.

Health and fitness concerns of some consumers have been answered by Hilton's "fitness first" menu specialization, indicative of a market niche the company helped pioneer in 1980.

Special sections on the menus of Hilton all-day coffee shops feature calorie-content notations, plus data on sodium and sugar content of certain foods. "Fitness first" menus feature reduced calorie entrees, including Mexican foods, accompanied by fresh fruits and vegetables, and such options as fresh-brewed decaf coffee and margarine instead of butter.

Although the "healthy" food options are prominently merchandised only in the coffee shops, they are also available on request in Hilton white-tablecloth restaurants and from room service. Health and fitness items now account for about 7% of food and beverage sales.

Following suit, Marriott and Stouffer hotels have also developed health menus.

Traditionally touted as promoting good health, breakfast is reportedly continuing to benefit Hilton's daytime volumes as a growing number of business people are getting in the habit of arranging breakfast meetings in Hilton restaurants.

Other customer preferences are reflected in beverage trends Hilton continues to address, including more widespread availability of varietal wines by the glass and more refinement and variety in specialty cocktails and after dinner cordials.

Hilton ended last year with a total of 41,950 rooms in 52 hotels; the system also included another 46,914 rooms in 194 franchised hotels. By the end of next year, the company expects an additional 14,000 rooms will have been added in both company and franchised properties.

The company breaks into the Atlantic City gaming market next May with a 610-room, $270 million hotel-casino there. Hotel-casinos helped lead Hilton's 35% surge in net profit last year.

# *Hyatt goes with lighter menu items*

*(Continued from page 133)*

The flexible menu at an all-purpose restaurant might include steak, chicken, salads and a few oriental dishes. In addition, the hotel will offer a Perfect Balance menu, with entrees under 600 calories. The nutritional menu is also available at breakfast with reduced cholesterol items.

From a builder's point of view, fewer restaurants can mean lower start-up costs, but the new concept has also increased sales of dinner at the hotel; the older coffee shop concept was not attractive.

Howard expects the coming year's challenges to include effective ways of dealing with the new drunk driving laws and making sure senior managers take time off from their jobs.

The liquor patterns of consumers have changed so radically in the past few years, according to Howard, that hotel restaurants are now trying to stay ahead of the trends. How to renew interest in the brown liquors and balance the consumer's insatiable desire for light wines is a challenge all food and beverage operations face, he says. But at the same time, hotels must take a responsible position and be aware of the social implication of merchandising liquor.

***According to vice president Jim Howard, the increase in competition for senior managers has made it tough to keep food and beverage directors. The competition has affected catering directors and executive chefs, also. People just entering the market aren't willing to accept the long hours.***

The increase in competition for senior managers, says Howard, has made it more difficult to hang on to food and beverage directors, catering directors and executive chefs. New entrants into the industry are not as willing to accept the long hours that go along with these jobs and move around looking for better positions.

One answer, says Howard, is getting managers to take their days off, which some rarely do. Going two to three weeks with no break, he says, is what leads to frustration.

# FOCUS NRN

## CHAIN ANALYSIS/PART 1: CAFETERIAS

# *Rough ride ahead on Kelly-Johnston roller coaster*

### DUFF'S

OKLAHOMA CITY — With parent Kelly-Johnston Enterprises in apparent turmoil, this could be a make-or-break year for Duff's Famous Smorgasbords, the fixed-price, all-you-can-eat cafeteria chain Kelly-Johnston acquired a year ago this month.

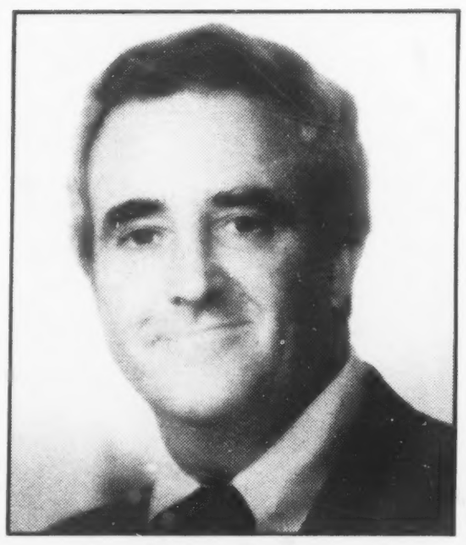
By all measures the year has been a stormy one and the tempest shows little sign of abating.

The latest chapter was written by Arthur "Mike" Kelly, chairman, chief executive and a co-founder of Kelly-Johnston who resigned, apparently under pressure.

Joe Johnston remains president, but chief financial officer John Slaymaker becomes chairman. Johnston, too, may not be long in place.

Kelly said he left because he disliked the corporate environment—ironically, one he helped build.

Kelly-Johnston's earnings and share price have been knocked for a loop, following heavy losses connected with Duff's. K-J's problems were compounded by high costs and costly mistakes in its other divisions as well.



**Mike Kelly**

But the Duff's franchise network, long the source of the chain's growth, appears as strong as ever. Relations between the franchisees and the franchisor are reportedly better than they were immediately after the takeover, but still tense.

Franchisees could build 30 new units this year, in which case Duff's could surpass segment-leader Morrison in number of restaurants.

But there remain some big "ifs."

Duff's succeeded in the years before Kelly-Johnston almost in spite of itself. Not until Duff's had 100 stores did it have a complete operations manual. Kelly-Johnston has found quantitative market research so sorely lacking that the new owners say they are reluctant to budge before completing a current survey.

Management turnover has been brutal. Duff's headquarters was moved after the takeover from Cincinnati. In the process, Duff's lost its entire executive team.

At the top of the Duff's operation will be Will Chizmar, formerly sales and marketing vice president at ARA Services, who became division president Aug. 1.

Chizmar reports to Don Jones, K-J executive vice president. Interim division chief Roy Dunne is expected to leave the company to run a franchise of K-J's seafood dinnerhouse operation, Joe Kelly's Oyster Docks.

Other new senior managers at Duff's include Gary Zambon, a former Duff's franchisee, who is now vice president for franchise operations, and Bruce McGlinchey, new marketing vice president.

New managers are also working in food-and-beverage operations, real estate and design.

Kelly-Johnston finished fiscal 1984 in March with a bare $418,000 net profit, 83% less than in 1983. Reflecting the Duff's acquisition, meanwhile, revenue rose 133% to $95 million. The company also operates 19 Chi-Chi's Mexican dinnerhouses and three seafood dinnerhouses.

***DUFF'S*****

**(Fiscal Year Ended March)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $149.2 | $167.9 | $201.5 |
| Revenue (In Millions) | | $45.0 | $60.0 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $1.15 | $1.21 | $41.34 |
| Average Per-Person Check* | $3.95 | $4.00 | $4.00 |
| Number of Units | 138 | 144 | 173 |

Source: *NRN* Research **NRN* Estimate

**Acquired by Kelly-Johnston Enterprises 8/83; fiscal year subsequently changed making some comparisons not meaningful.

**Joe Johnston**

# *Expansion stays on schedule as chain heads West*

### LUBY'S

**By Rick Telberg**

SAN ANTONIO — Aiming for 85 units in 1985, Luby's Cafeterias Inc. figures the twin shocks of oil-patch recession and peso devaluation are behind it.

When the company closes the books on its fiscal year at the end of this month, 77 units will be open, seven of them built from scratch in line with Luby's conservative 10%-per-year growth strategy.

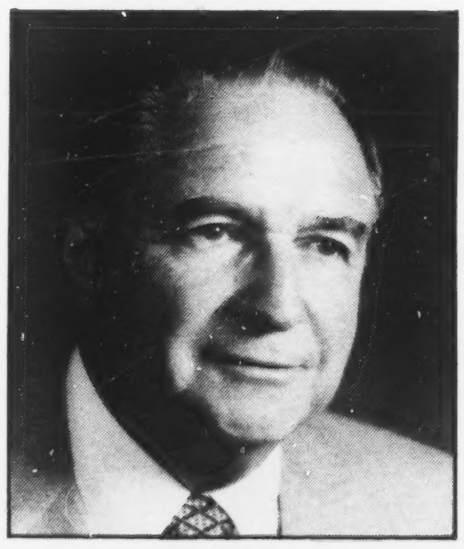
The company bought back seven cafeterias it had managed for the chain's early investors, boosting 1984 revenue by maybe $4 million and ending forever the discrepancy between systemwide sales and revenue.

With eight new units planned in fiscal 1985, Luby's will be facing stiffer competition. But in the relatively genteel cafeteria business, market share battles are rarely allowed to get out of hand.

Instead of heading eastward to take on most cafeteria chains, Luby's is heading west, where its competition is mainly Furr's.

Luby's claims a qualitative marketing advantage over Furr's because Furr's uses commissaries and Luby's touts fresh cooking. Luby's also pays its managers more. But other things being equal, site selection usually wins out.

The company will open its first unit in Oklahoma City, a new market for Luby's where it will challenge Furr's and Morrison. Luby's will meet Furr's again when it cuts the ribbon in Amarillo, Tex., and Albuquerque and Santa Fe, N.M.



**George Wenglein**
*chairman*

But three new cafeterias will also be built in or around Houston, where Luby's has operated for almost 20 years and now has 16 stores. Another outlet is slated for the Dallas suburb of Irving.

Luby's started its recovery with the rest of the Texas economy in its fiscal third quarter, when it posted a modest 1% year-to-year headcount gain—the first uptick in almost two years.

By the third quarter, as well, Luby's Mexican border stores, which had lost 13% of their traffic, had recovered 95% of it. Now it's back to business as usual at Luby's.

***LUBY'S CAFETERIAS***

**(Fiscal Year Ended Aug. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $138.1 | $152.7 | $183.0 |
| Revenue (In Millions) | $129.2 | $144.1 | $179.0 |
| Net Profit (In Millions) | $11.6 | $13.9 | $17.3 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $2.33 | $2.35 | $2.45 |
| Average Per-Person Check* | $3.65 | $3.82 | $4.05 |
| Number of Units | 64 | 70 | 77 |
| % Menu-Price Increase | 5.0% | 3.0% | 6.0% |

Source: *NRN* Research **NRN* Estimate

# *A bow to mounting pressure: Prices finally come up*

### PICADILLY

BATON ROUGE, La. — Long reluctant to pass through cost increases, Piccadilly Cafeterias this year could shuck a millstone to reach a milestone when its average check passes the $4 mark.

Until recently, Piccadilly's prices ran 40% to 50% below its competitors—Morrison, mainly.

But Piccadilly relented last winter, raising prices about 11% on the year ended in June bumping checks to about $3.94. A modest 4% advance in fiscal 1985 would bring the check to almost $4.10.

Despite higher prices, headcounts are up—maybe more than 3% year-to-year. And, of course, price hikes, can do wonders for profit margins.

This was one of those times. For the year ended June, Piccadilly was expected to post $8.5 million in net profit, up 29% from 1983 which booked a number nonoperating write-offs. Sales were probably $174 million, a 14% gain. There were 93 Piccadillies, up from 85 in 1983.

For fiscal 1985, Piccadilly will add nine stores, including two in Houston and two in Atlanta—both markets which are developing as cafeteria hotbeds. Two more will go in Florida, long a cafeteria stronghold.

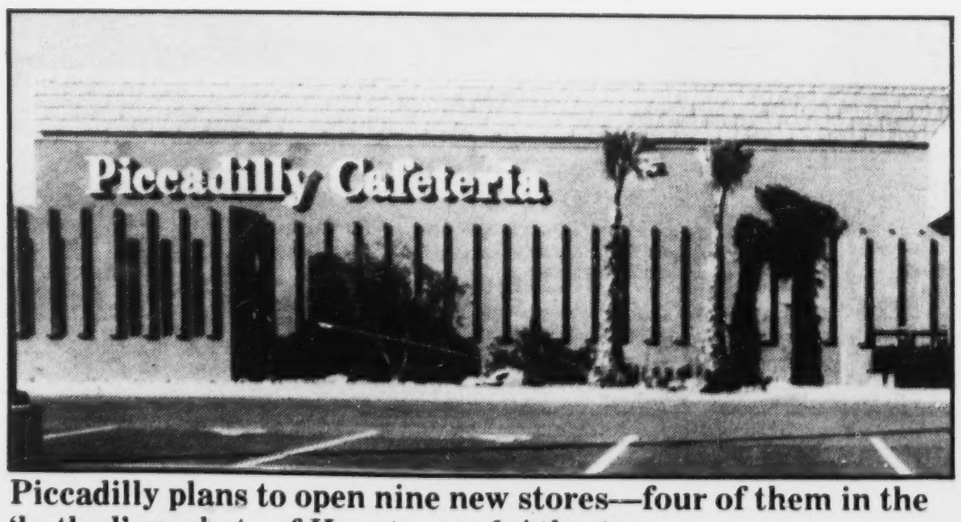
Eight of the nine will be freestanding, a new direction for the company which now has only about 20. Freestanders, while more costly to build, generally yield twice to three times the profit of mall units where rentals are based on sales percentages.

***PICCADILLY CAFETERIAS***

**(Fiscal Year Ended June)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $153.0 | $174.0 | $198.0 |
| Net Profit (In Millions) | $6.0 | $8.5 | $9.8 |
| Average Same-Store Sales (Units open 12 mos. or more) (In Millions) | $1.9 | $2.0 | $2.1 |
| Average Per-Person Check* | $3.55 | $3.94 | $4.06 |
| Number of Units | 85 | 93 | 102 |
| % Menu-Price Increase | 6.0% | 11.0% | 4.0% |

Source: *NRN* Research **NRN* Estimate




**Piccadilly plans to open nine new stores—four of them in the 'hotbed' markets of Houston and Atlanta.**

FOCUS NRN

## CHAIN ANALYSIS/PART 1: CONTRACT FEEDERS

***Contract feeders rise to the challenge of layoffs in heavy industries with a wide array of new concepts and markets, including schools, prisons and office buildings. Several leading contract feeders consider public restaurants and take-out shops in office buildings.***

# *Innovative marketing programs take center stage*

### ARA

PHILADELPHIA — Contract management leader ARA Services, with 1984 food-service revenue expected to reach nearly $1.9 billion, has stepped up its marketing efforts under chairman Joseph Neubauer with such innovative programs as public restaurants in office buildings, specialty food boutiques on college campuses and take-home, precooked dinners for office workers.

Neubauer, 42, who was named chief executive last year and took over as chairman from company co-founder William Fishman earlier this year, has brought in a host of new marketing executives in the company's five major business segments (food-service and refreshment contracts account for about 51% of company revenue).

With over 100 operating divisions, however, some observers feel the company has grown far too unwieldy and profits have suffered as a result. In 1983, for example, ARA posted total revenue of about $3.1 billion on a net profit of only $53.7 million, a poor 1.7% ratio.

**Joseph Neubauer**

Even as the company basks in the publicity garnered from providing both food and transportation services at the recent Los Angeles summer Olympic Games, a "shadow" has descended in the form of a take-over attempt.

A group headed by former ARA Food Services president William Siegel has been pursuing a bold effort to acquire the giant company with an initial offering worth at least $372 million.

While the Siegel plan—which would take the company private under a complex leveraged buyout of stockholders—calls for retaining the current management team headed by Neubauer, the latter registered bitter opposition.

Meanwhile, a major restructuring of the company's food-service sectors along marketing rather than geographic lines has begun to pay some dividends. Operating income in ARA's food-service and refreshment sector, which dropped sharply in 1982 (the year restructuring began), increased by nearly 9.8% in 1983 and should easily surpass the $53.5 million registered in 1981 by the end of the current fiscal year.

ARAserve (formerly ARA Food Services), the company's institutional feeding sector and its largest revenue producer, has been vertically divided into seven divisions each with a separate president operating out of company headquarters in Philadelphia.

Under the new arrangement, the company has divided marketing responsibilities along separate business lines, enabling it to better devise innovative programs to meet the needs of a diverse clientele. The seven ARAserve divisions include: the At-Work Group; Vending Services; Business Dining Services; a Coffee System Division; Hospital and Food Management; Community and School Services, and Campus Dining.

Air/Leisure Services, which handled feeding at the Los Angeles Olympic Games, and the International Sector, with clients in Canada, Europe, Japan and Venezuela, also contribute to the company's food-service revenue.

***ARA***

**(Fiscal Year Ended Sept. 30)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Revenue (In Billions) | $1.5 | $1.6 | $1.9 |
| Operating Profit (In Millions) | $41.9 | $46.0 | $57.5 |
| Average Same-Store Sales (Units open 12 mos. or more) | $750,000 | $535,000 | $508,000 |
| Number of Contracts | 2,000 | 2,994 | 3,742 |

Source: *NRN* Research **NRN* Estimate

# *Plans for the future hinge on potentials—and pace*

### SAGA

MENLO PARK, Calif. — Synergy among its widening variety of food-service components will drive Saga Corp. through a period of transition toward its goal of accelerated revenue growth in 1985, company sources indicate.

Growing diversity among its restaurant-chain holdings doesn't mean Saga will downplay contract food service, which is continuing to experience both revenue and unit growth in each sector, including education, corporate, healthcare and Canadian.

Nor does such diversity mean that some profitable restaurant components will necessarily remain sacred cows, as evidenced by the recent sale of Straw Hat Pizza.

Saga will, however, be closely examining the growth pace and potential of its chains and contract elements in plotting any future acquisitions, divestitures or diversifications.

In the case of Straw Hat, the 205-unit pizza chain could show only a 6%-7% compounded revenue growth rate in recent years, compared to overall corporate growth of about 11%. More importantly, Saga saw Grandy's growing at a 65%-70% rate, and opted to reallocate its financial and human-resources assets from pizza into the booming upscale chicken-and-biscuit segment.

Two years ago Saga was in two basic lines of business with seven divisions; the $1.1 billion conglomerate now delineates its activities into three lines (upscale fast food joins restaurants and contracts) with 10 divisions. The acquisitions last year of Grandy's and the burger-and-ribs concept, Spoons, and such moves as the fairly recent diversification into hotel food-service management are all evidence of Saga's burgeoning profitability and newfound propensity for getting into progressive segments and newer menu trends.

Moreover, chairman and ceo Charles Lynch enters his sixth year at the helm of Saga able to count five separate divisions having "significant growth potential, where only two years ago he and his tightly disciplined executive team could see only two such divisions—Black Angus and Health Care—on the horizon.

The Grandy's, Spoons and restaurant management divisions have joined the Stuart Anderson's Black Angus dinnerhouse and health-care contract divisions to offer Lynch and company a formidable first-string offense.

In fiscal 1984 Saga's upscale fast-food units, Grandy's and Straw Hat Pizza, contributed most heavily to the 23.4% gain in corporate net profit to $24.5 million on revenues of $825.3 million for the nine-month period ended March 24.

Among its five top growth prospects, Texas-based Grandy's may be the front-runner in terms of corporate expectations—particularly given its estimated 17%-20% pretax unit margins.

Through the third quarter of fiscal 1984, Saga saw per-unit development cost of about $825,000 turn into average annualized sales of $1.6 million for Grandy's units, up 7% over the first nine months of the previous year. Grandy's revenues of $27 million in 1983 could total more than $50 million for fiscal 1984, and climb to $92 million this year, according to estimates.

Although all Saga contracts produced about 63% of total revenues for 1984, they yielded only about 38% of operating profit. But in interviews, Charles Lynch continues to stress the advantages of a portfolio of businesses that interact with one another in the overall support of corporate growth, adding that Saga's contract operations throw off a lot of cash and also serve as a proving ground and supply source for restaurant managers.

As concepts like Grandy's and Spoons build up steam for rapid growth and market-share warfare in their respective segments, Saga will need just such a valuable manpower resource.

***SAGA CORPORATION***

**(Fiscal Year Ended June 30)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $1,023.5 | $1,221.7 | $1,367.0 |
| Revenue (In Millions) | | $1,120.0 | $1,245.0 |
| Net Profit (In Millions) | $22.4 | $31.0 | $37.9 |
| Average Same-Store Sales (In Millions) Black Angus | $2.50 | $2.54 | $2.65 |
| Velvet Turtle | $1.90 | $2.00 | $2.00 |
| Spoons | | $1.20 | $1.45 |
| Grandy's | $0.50 | $0.53 | |
| Straw Hat Pizza | $0.50 | $0.53 | |
| Restaurant Management | | $3.00 | $27.00 |
| Average Contract | $0.78 | $0.81 | $0.85 |

Source: *NRN* Research **NRN* Estimate

# *Chief exec Kozlowski determined to break into school, prison feeding*

### CANTEEN

CHICAGO — Canteen Corp., a subsidiary of Trans World Corp. and the nation's largest contract feeder, has a new president/chief executive officer and a new-found diversified business philosophy.

Under Robert Kozlowski, Canteen has by no means abandoned the course navigated through the last recession by Kozlowski's predecessor, James T. McGuire. But, in addition to exploiting opportunities in white-collar and blue-collar education, recreation and health-care markets, Kozlowski has opened up two new food-service routes: Prison and secondary school mass feeding programs.

Canteen, already providing food service at the DeKalb County, Ga., jail and the Peoria, Ill., county jail, is currently bidding to feed 10,000 prisoners three meals a day, 365 days a year, at New York's Riker's Island prison. The giant food-service contractor is also actively penetrating the school lunch programs by developing a recent acquisition from Chicago-based Jewel Foods—a mass-feeding operation that serves frozen, preplated lunches in 115

*(Continued on page 144)*

***CANTEEN CORP.***

**(Fiscal Year Ended Dec. 17)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $750.1 | $767.1 | $800.0 |
| Operating Profit (In Millions) | $22.6 | $27.6 | $32.6 |
| Average Same-Store Sales (Units open 12 mos. or more) | $810,000 | $786,000 | $800,000 |
| Number of Units | 920 | 975 | 1,000 |

Source: *NRN* Research **NRN* Estimate

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## CHAIN ANALYSIS/PART 1: IN-STORE FEEDERS

***Two leading in-store feeders try to cope with several years of flat sales by converting their lackluster lunch counters and cafeterias into trendy dining spots. Concepts feature 'upscale' decor and fancy hamburgers, salads and 'hot' new food items. One even sells a Whopper.***

# *Overhaul tries to tap untapped in-store potential*

### K MART

TROY, Mich. — The *new* 1,257 K mart in-store cafeteria feeding division is being repositioned with an upgraded product line, improved preparation and presentation and a more modern interior decor package.

"There's a tremendous untapped potential for food-service customers at K mart stores," said the company's food-service director, Paul Swisher, a 25-year K mart veteran. "We would like people to come to K mart to eat, not just to shop."

Under Swisher, K mart has converted one hundred 1,700-sq.-ft. back-of-the-store cafeterias to sandwich shops in the past four years. The new concepts merchandise burgers, sandwiches, soups and salads, whereas the cafeterias emphasized hot platters.

"We're getting away from plate lunches and steam tables to more salads, sandwiches and soups. We're looking at lighter, healthier foods like chicken and fish items, while upgrading the presentation and variety of steam tables that are successful. Steam tables, which have been in place in K mart stores since 1963, still account for the majority of K mart's $300-million-plus in food-service revenue, added Swisher.

The "lighter, brighter" remodeling package is intended to complement K mart's new "lighter, healthier" food-service thrust. Swisher is replacing the hard dining booths with a more comfortable variety, dropping ceilings and changing fixtures to create softer lighting in the dining area. "We want to replace the sterile nature of our dining area decor with a more comfortable, modern ambience," said Swisher.

New portion sizes and product variations—like a 4-oz. hamburger instead of a 3.2-oz. version and a six-cut pie to replace a 10-cut variety—are being selectively test marketed in 50 K mart cafeterias. In the 85 family restaurants, located in choice upfront positions in former W. T. Grant stores taken over by K mart in the early 1970's, Swisher had added several new sandwiches—including tuna melt ($1.95), chicken breast ($1.85) and a ham-and-cheese club ($2.50).

Swisher's overhaul carries over to K mart's other food-service operations. In addition to the cafeterias and family restaurants, Swisher is revamping food service and decor in many of the 114 delicatessens, 40 fast-food snack bars and 13 coffee shops located in 1,500 of K mart's 2,200 stores. K mart also operates a budget steakhouse, a smorgasbord cafeteria and two coffee shops.

In the nearly 300 Kresge stores, there are 77 original soda-fountain-and-grill "dinettes," with $1.25 sandwiches and $1.15 ¼-lb. burgers.

K mart's percentage menu price increase has escalated from 2% in fiscal 1983 to 4% during the current fiscal year, boosting the average per-person food and beverage check from $1.55 in 1982 to $1.84 this year. Systemwide food-service sales have also increased since 1982, from $300 million to "substantially" more than that projected for the current fiscal year, according to Swisher.

**K mart's Sandwich Shoppe is an example of their "lighter, brighter" food-service aspirations and an end to "sterile" decor and ambience.**

***K MART***
**(Fiscal Year Ended Jan. 31)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $300.0 | $300.0 | $300.0 |
| Average Per-Person Check* | $1.55 | $1.70 | $1.84 |
| Number of Units | 1,300 | 1,250 | 1,257 |
| % Menu-Price Increase | | 2.0% | 4.0% |

Source: *NRN* Research **NRN* Estimate

# *Giant in-store feeder 'must concentrate on basics'*

### WOOLWORTH

NEW YORK — While Woolworth's focuses on the immediate needs of its food-service division over the next two years, the new vice president in charge of domestic food service, Charles Kelly, will also be looking at long-term strategic plans.

Kelly replaced Robert Powers who left in June after two years as head of domestic food service.

Under Powers, Kelly held the title of vice president of Burger King operations and special projects. He oversaw the opening of the company's first in-store Burger King in lower Manhattan and plans to continue the development of the fast-food operation inside Woolworth's units.

As variety stores are remodeled, Burger King units can become part of the Woolworth's operation. During the past two years close to 100 units per year have been remodeled and the chain plans to keep up the level of refurbishment in 1985.

By mid-1985 there will be a total of eight Burger King units, according to Kelly, with more to come in the second half of that year.

"But right now we are concentrating on improving our basic operation, our service and working on the disciplines within the operation."

Describing current operations as in a somewhat "critical" phase, Kelly has his eye on a test concept—The Quiet Corner—a coffee shop which generates $1 million in sales in a store in St. Louis. While the St. Louis operation meets the company's stringent 16% return on investment requirement, the cost of building in other locations might not make the success as repeatable.

**A new Woolworth concept: The Quiet Corner, already generating $1 million in sales per year at $3.75 per person.**

***WOOLWORTH***
**(Fiscal Year Ended Dec. 31)**

| | 1983 | 1984 | Current Fiscal Year* |
|---|---|---|---|
| Revenue (In Millions) | $160.0 | $160.0 | $160.0 |
| Number of Units | 1,000 | 1,000 | 1,000 |

Source: *NRN* Research **NRN* Estimate

With unit sales over $1 million, the existing Burger King operations more than meet the company's financial goals.

While the overall system is reported to do $200 million in sales per year, many units pull in half of the volume of the new Burger Kings, illustrating the great dollar potential at Woolworth's if the company can improve the performance of some of its coffee shops, snack bars and cafeterias.

Menus have been somewhat systemized throughout the numerous cafeteria concepts and execs say that the ongoing upgrading program is crucial to the company's future success.

# *Kozlowski building inroads to new contract markets: Prisons, schools*

*(Continued from page 143)*

school districts.

"With our junior high and high school cafeterias already in place, we think we can provide full-service, cost-efficient food-service operations to school districts," said Kozlowski.

Despite his efforts to expand Canteen's base of operations and business mix, Kozlowski still recognizes where the $800 million-a-year company's bread is, and probably always will be, buttered.

"We haven't radically altered the five-year plan we had with Jim McGuire, nor do we intend to," said Kozlowski, 57. "We're aware of the fact that the economic base of the United States is changing to a service orientation, and that our future rests on our ability to sell and market our goods and services in the various fee-based food-service business activities we're identified with—education, white- and blue-collar industry, health care and, of course, recreation and leisure services."

Canteen's major push into new markets is proving difficult due to heavy competition for prison accounts—Riker's Island could yield product and revenue in excess of $20 million a year—and school lunch programs.

Canteen projects its 1,000-plus food-service contract accounts generating operating profits of $32.6 million on revenue of $800 million in fiscal 1984, compared to earnings of $27.6 million on revenue of $786.1 million in fiscal 1983.

"Through internal growth and acquisition, we expect to reach targeted profit of $45 million on revenue of $1.3 billion by the end of fiscal 1987," Kozlowski said. Of Canteen's 1,000-plus accounts, which account for $800,000 in annual average per-account sales, approximately 900 are company owned and operated and 90 franchised from a national organization.

Canteen's vending services division suffered most through the last recession, but is making a comeback as the nation's blue-collar labor force slowly returns to the industrial workplace. "Vending is still the largest division in terms of volume and produces the largest percentage of profit dollars. But we must restructure vending operations to meet the changing work environment—more automation and less people on the job," said Kozlowski.

Canteen's foray into white-collar feeding has required a shift in menu emphasis toward fast foods-particularly finger foods—and away from the filling meat-and-potatoes favored by manual laborers.

FOCUS NRN

## CHAIN ANALYSIS/PART 1: CONVENIENCE STORES

***Many fast-food execs see growing competition from convenience stores, which are stepping up their takeout food service with a vast array of new items that include french fries, burritos, tacos and salad bars. C-stores are starting to resemble old-style fast feeders.***

# *Flurry of activity aimed at raising fast-food sales*

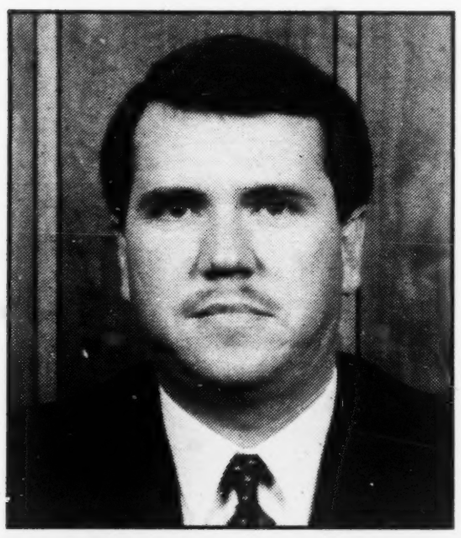
### CIRCLE K

PHOENIX — It looks like busy times ahead for the publicly held Circle K Corp., which operates 1,200 Circle K convenience stores.

It is converting the 960-unit U-Tot-M convenience store chain it acquired last December for $225 million to Circle K units and is rolling out its Deli-Fresh sandwiches and Mexican fast-food line systemwide. Circle K has also agreed to buy General Host's 435 Little General convenience stores for approximately $100 million in cash.

The basic rationale behind all the Circle K moves is a desire to raise the chain's gross food-service sales from $76 million, or 8.2% of total revenue, in fiscal 1984, to 15% of in-store sales by 1990. Should that happen, Circle K, the nation's second-ranked convenience store chain behind Southland's 7-Eleven, will become a major player in the fast-food game as well.

Circle K's game plan is entirely realistic. In addition to total food-service volume jumping 58%, from $48 million in fiscal 1983 to $76 million in fiscal '84, systemwide net profit increased 43.7%, to $21.7 million, and company revenue ballooned 40.7%, to $647.7 million.



**Stephen Schwitalla**

"We're targeting fast foods as our primary marketing thrust. It's the single fastest growing category for convenience stores as far as real growth is concerned," said Stephen Schwitalla, Circle K's vice president of food service. "Food-service profits have been very dramatic, carrying the highest gross profit percentage of anything in our stores.

Gasoline sales currently constitute 40% of the convenience store chain's volume, with tobacco, groceries and food service accounting for the remainder. "More and more people are coming to Circle K stores as a destination eating stop, as opposed to making impulse purchases of fast food, which is expanding our customer base," Schwitalla said.

The Deli-Fresh sandwiches and a line of Mexican fast foods—carried under Circle K's Old Santa Fe brand name label—are available in more than 1,400 Circle K and U-Tot-M stores in 13 Western states. Rollout to other stores in the network, including all converted U-Tot-M's, is being conducted throughout the West, Southeast, Southwest and South.

Circle K now offers 18 Deli-Fresh sandwiches, ranging in price from $1.19 to $2.99 for the Texan—a 14-oz. assortment of cold cuts and cheeses billed as a "picnic in a sandwich." Other sandwich items include submarines, hot ham and cheese, ham and swiss on rye, tuna, egg salad and a variety of cold cut and cheese combinations.

While sandwich, snack food, hotdog and fountain sales have risen dramatically over the past year at the 24-hour, self-service stores, the Old Santa Fe Mexican line has shown the greatest sales increase since being expanded last July. The chain has added enchiladas and tamales to its burritos line and increased the beef content of its products, jacking up the sales of these items more than 100% in 13 months.

Additional food-service sales are being garnered through distribution of sandwiches to outlets outside the chain. The Phoenix commissary is churning out 65,000 sandwiches per day for its Circle K and U-Tot-M stores, and also producing sandwiches for approximately 1,000 outside accounts, said Schwitalla.

Circle K's recent Deli-Fresh incentive contest helped 30 Circle K convenience stores build impulse sales and improve awareness of the chain's fast-food products, said Schwitalla. The contest, which ran through April, was initiated to prompt employees to utilize suggestive selling techniques in the sale of Deli-Fresh sandwiches. During the competition, more than 6,000 employees in 1,200 stores throughout 12 states suggested the 18 deli-style sandwich varieties to their customers.

Each participating store competed against its own past sales. Store managers received cash and vacation trips as prizes, while all store employees were rewarded with two shares of Circle K stock and an 8-lb. ham.

"This business is becoming more and more competitive. We're going after the traditional fast-food chains as well as the competing convenience stores," said Schwitalla.

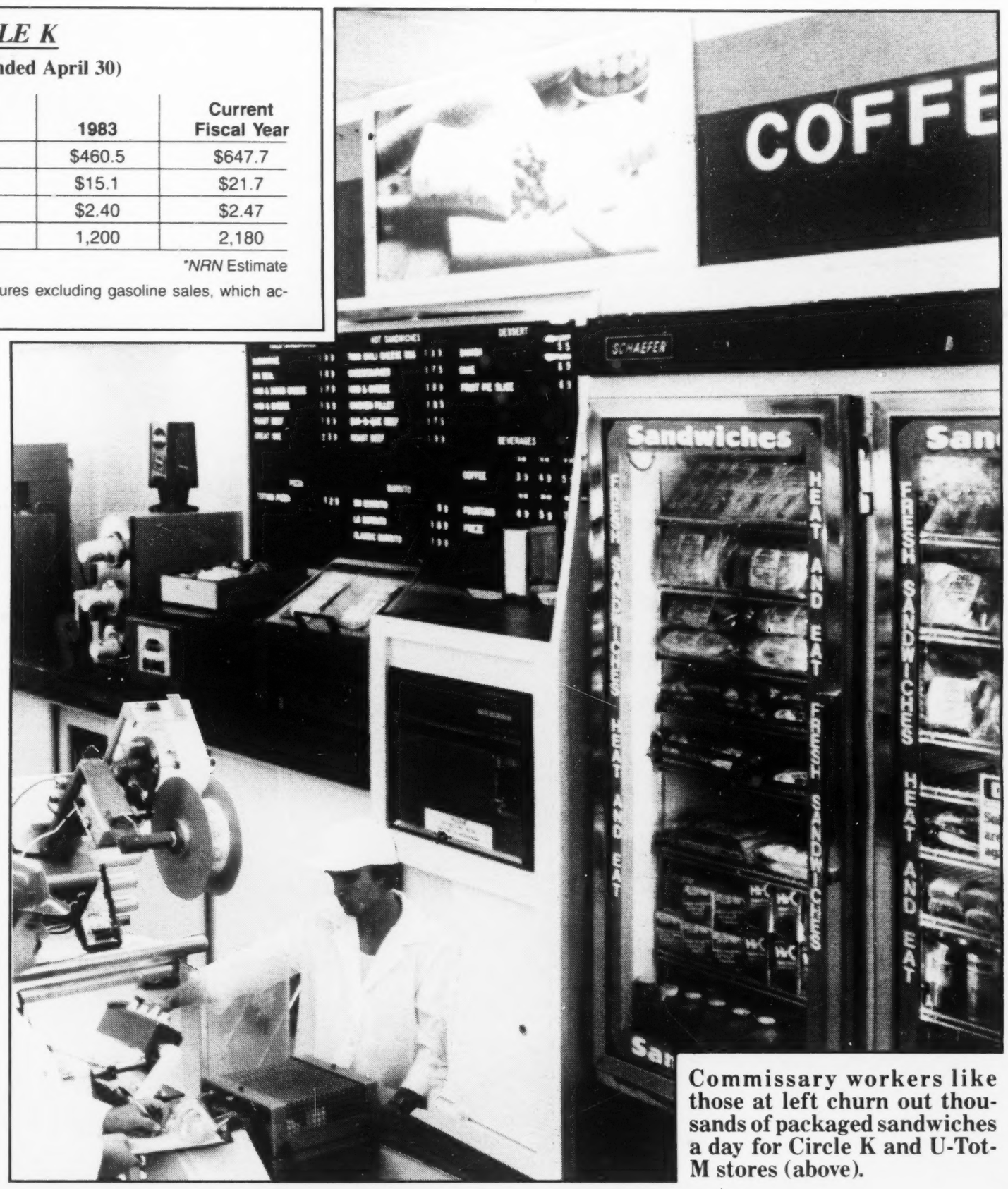
***CIRCLE K***

**(Fiscal Year Ended April 30)**

| | 1983 | Current Fiscal Year |
|---|---|---|
| Systemwide Sales (In Millions)* | $460.5 | $647.7 |
| Net Profit (In Millions) | $15.1 | $21.7 |
| Average Per-Person Check | $2.40 | $2.47 |
| Number of Units | 1,200 | 2,180 |

Source: *NRN* Research — *NRN Estimate

*All figures are corporate, systemwide figures excluding gasoline sales, which account for 40% of gross company sales.




**Commissary workers like those at left churn out thousands of packaged sandwiches a day for Circle K and U-Tot-M stores (above).**

# *A convenience store chain striving for greater part of on-the-run market*

### 7-ELEVEN

DALLAS — Southland Corp.'s 7,000-unit 7-Eleven convenience store chain is tinkering with a vast array of new products, including salad bars in the Southeast and french fries in the Southwest.

While it remains unclear whether grocery stores steal market share from restaurateurs or whether they expand total market, 7-Eleven bears watching.

Estimating that 20% of the chain's sales can be categorized as some sort of food service—whether a meal or a snack—7-Eleven figures to do systemwide food-service sales of $1.5 billion this year.

Much of that volume, however, is in snacks and drinks. The chain, for example, probably sells more cups of coffee than any retail or restaurant chain.

Last year, hotdogs and nachos were added to 7-Eleven menus, joining such standards as burritos and factory-packaged sandwiches.

The chain, nevertheless, remains hamstrung by the economics of the grocery business. Salad bars, for instance, can require new labor costs.

7-Eleven has solved part of the labor problem in the Southwest, where it has employed an automatic machine that fries and dispenses potato chunks much like an automatic ice machine.

7-Eleven continues to test fresh-made bakery products in a Dallas prototype tagged JT's Bakery and Sandwich Shop. But again, 7-Eleven already has a vast manufacturing and distribution system that is not about to fold up.

And yet, food quality aside, 7-Eleven has far more opportunities to catch the diner on the run than traditional fast-food restaurateurs. It has, for instance, signed a deal to install thousands of automated bank teller machines in its stores.

***7-ELEVEN***

**(Fiscal Year Ended December)**

| | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.1 | $1.3 | $1.5 |
| Revenue (In Millions) | $814.0 | $952.0 | $1,133.0 |
| Average Same-Store Sales (Units open 12 mos. or more) | $119,000 | $137,000 | $159,000 |
| Number of Units | 6,868 | 6,962 | 7,112 |

Source: *NRN* Research — *NRN Estimate

# Mesquite grilling: Is it too hot to handle?

(Continued from page 5)

try rushed to get mesquite-grilled items onto their menus. In addition to its powerful merchandising potential, mesquite-grilling yields food items that are tasty and which retain much of their natural juices—seared in by the wood's extreme heat.

Once the grills were on-line, however, operators were suddenly forced to take a hard look at what really went in to preparing mesquite-grilled items. And they quickly learned mesquite just didn't perform like any other fuel.

Michael Northern, director of kitchen operations for the Levy Organization—one of the first practitioners of mesquite-grilling in the Chicago area—says it took the staff at the Chestnut Street Grill more than a month to learn how to use the equipment. "It was hard to control the heat," he says. "For a while, the grilled fish was coming out black."

The ability to control this intense heat is one of the chief problems operators first encounter after installing a grill. Mesquite is said to burn at about 1,000°F, and a delicate item such as a fish fillet can char if left on just a few seconds too long. To further complicate the process, mesquite wood and charcoal burn unevenly, leaving a grill with "cool" spots which can tear the surface of food items.

A well-trained grill chef is a necessity then, and Northern says the Levy Organization looks for at least some gas grill or broiler experience when hiring for the station. If the experience isn't exactly the same, he says, "at least we know the person can stand up to the intense heat for a long period of time."

Mesquite grilling also tends to be more of a fire hazard than most other preparation techniques. The wood and charcoal is very dense and can pop or "explode," sending off sparks that can feasibly ignite the layers of grease and soot that build up quickly in overhead exhaust fans and vents.

Since mesquite smokes a great deal, efficient exhaust fans are a necessity, and the grill itself should be placed directly underneath a vent. Operators, however, are finding that ventilators must be cleaned on a regular basis—determined largely by the foods cooked on the grill. Fats from heavier meat such as beef, veal and pork cause more smoke; consequently, the exhaust system must be cleaned more often than at restaurants which grill more fish and poultry items.

Another major problem encountered with mesquite is the loading of the grill during service. If the bed is allowed to cool too much, the searing benefits of mesquite are lost. Consequently, a grill chef must coordinate the loading process with a slack period in the service—so as not to interrupt the grilling of too many items at once.

Availability can also present a problem in certain sections of the country. In the West and Southwest where mesquite grows, supplies are generally plentiful—in other areas, however, they can be spotty. At Carolina, a New York City restaurant specializing in mesquite-grilled and -smoked dishes, finding a good supplier for large pieces of natural-lump charcoal has been a problem for some time, according to manager Brad Brown. But he adds: "We've had no trouble getting mesquite wood for the smoker."

The Levy Organization coped with an "on-again, off-again" supply of mesquite by simply purchasing whichever hardwood coals—maple, hickory or oak—were currently available.

But even when supply is strong and demand is low, high prices can be prohibitive to some operations. David's of San Francisco, a 174-seat restaurant in Columbus, Ohio, decided to eliminate mesquite grilling after management discovered the coals were costing them two and a half times as much as gas.

And predictably enough, not everyone likes the taste of mesquite. Some claim that the flavor is imperceptible—but when you can taste it, it lingers for hours. According to Shelly Fireman, mesquite doesn't enhance the flavor of food at all.

John Baran, a New York restaurant consultant, says the flavor of mesquite can be heavy and sharp—"It has an acrid taste," he says. "I prefer the taste left by woods like peach, apple, cherry or hickory.

"But California-style cooking is still fashionable on the East Coast, so mesquite will probably be populr for a while longer."

And despite the problematic aspects of cooking with mesquite, its increased visibility within the restaurant industry during the next five years is virtually ensured. Interest within the independent segment has not even begun to peak yet, and chains and multiunit operators are only now beginning to take a real interest in it.

Garcia's of Scottsdale acquired Famous Restaurants Inc., a five-unit chain located in California, Arizona and Colorado, earlier this year, in part because the chain was offering mesquite-grilled items. The Levy Organization, which currently operates five restaurants using mesquite and hardwood coal grills, has three projects in the works that will include grilled items.

But it is the entry of seafood dinnerhouse chain Red Lobster into the mesquite-grilling arena that will probably spell the greatest change for the trend. If Red Lobster chooses to emphasize the mesquite-grilling aspect of their new image in the chain's typically massive television advertising compaigns (they spent over $28.7 million in 1983 on local and network advertising) mesquite could well become a household word—an attraction that might then prompt othr major chains to make the plunge into grilling.

## Top 100 chains posting 12% gains in 1984 sales

(Continued from page 5)

feeder, 1 a convenience store and 1 a family restaurant.

- Large conglomerates and big chains are dominating the industry. Fast feeders are pacing industry growth.
- A growing number of food-service operators are segmenting the food-service marketplace through diversification.
- Nearly half of The Top 100 Companies ranked by food-service revenue are primarily involved in businesses other than food service. But their combined $24.7 billion in food-service revenue is about 59% of the Top 100 Companies' total revenue.
- The Top 100 Companies are posting a 14.4% rise in food-service revenue to $42 billion this year, or about 26% of total projected food-service industry sales.
- McDonald's $3.3 billion projected 1984 revenue represents 7.85% of total food-service industry sales. No. 2 Marriot Corp. has projected 1984 food-service revenue of $2.45 billion, or a 5.83% share.

# *ARA puts in medal-winning effort at Summer Olympics*

(Continued from page 5)

As befits the cross-cultural melange that is Los Angeles, the Games of the XXIII Olympiad reflected many of the variegated flavors that have found a home here.

"We never imagined they would eat so much *kimchee*," exclaimed ARA Services vp Faye Clarke, gm of athletes' food services. The Korean staple of pickled, fermented cabbage was consumed at the prodigious rate of four cases at one meal in a single dining room.

Other unusual food items such as betel nuts, favored by some Asians, also made it onto the Olympic menus. But regardless of the ever-changing array of dishes, organization was ARA's essential ingredient.

In each dining facility, food-service layouts were designed to provide random access by the athletes to hot, cold and beverage counters in a so-called "scramble system" which precluded bottlenecks. Carefully trained kitchen staff and counter-service workers eased the almost ever-present crush of diners.

Pastas and soups at each meal, including breakfast, were indicative of the care shown in constructing menus for all ethnic tastes and training regimens, able to sustain athletes who required as many as 9,000 calories a day.

Encountered just outside the main Olympic Village gates at the USC campus, the swim team of the U.S. Virgin Islands was ecstatic over the food. "Breakfast of scrambled eggs and sausage was great—you can have anything you want," said one Virgin Islander. "If I want a hamburger or hotdog at 4 in the morning, I can get it."

Swimmers from the United States team got into their pre-competition routine at a laid-back Los Angeles pace, spending one afternoon shortly after checking into the USC village at the popular off-campus Trojan hangout, Margarita Jones, eating nachos and drinking the restaurant's namesake libation.

The next night, they and all the other thousands of international athletes in Los Angeles were in their respective villages, feasting on roast beef; baked smoked ham; swordfish steaks; apple and almond-stuffed chicken breasts; spinach fettuccine; orange-glazed sweet potatoes; rice medley; herbed peas and mushrooms, and mixed vegetables, preceded by vichyssoise and chicken Calcutta soups.

The core of this one meal was preceded by a 12-variety mountain of select cheeses; a cornucopia of fruits, cold meats and pâtés; nearly two dozen kinds of fresh breads and rolls, and a 23-item salad bar offering such selections as pickled herring and marinated artichoke hearts.

Sumptuous fresh pastries and a complete variety of beverages, including wines, filled out the night's offering, typical of the breadth of each day's menu in every one of the nine major dining facilities.

But not even all that variety was enough to suit the tastes of some of the ravenous athletes who had come here from the world over.

France and Italy held true to their national reputations for exalted gastronomy by sending specialized team chefs along with their athletic contingents. With one condition imposed by ARA, the Italian team chefs, Mauro Mazzi and Carmine Gandolfi, quickly got to work whipping up meat and pasta specialties, including risotto, polenta and spaghetti Bolognese. ("We must have our pasta and steaks," said one Roman wrestler.)

"Our only rule is that whatever the Italians cook, they have to make enough for all the teams in that dining hall," explained ARA's Faye Clarke.

Henri Cortin, chef of France's National Olympic Committee, restricted his participation to supervising the ARA cooks. Cortin qualified the foods ARA dished up as "very good; we have no criticisms."

One problem, he confided, was the absence of french fries. "And Americans cook their steaks too well done, not *a point* [i.e., just done, or medium rare] as the French prefer."

Italy's athletes got another taste of home cooking, Beverly Hills style, when film producer and restaurateur Dino DeLaurentis hosted a party for them at his lavish DDL Foodshow restaurant/market.

The French yachting team, in town several weeks early for pre-Games training, quickly found its gastronomic bearings on dry land. "They're regulars here for late dinner," said Patrick Terrail, proprietor of Ma Maison. Among other teams, Terrail also hosted the Colombian swim team for lunch, and was set to throw a gala feast for the entire 150-athlete French team on Aug. 10.

Other culinary icons of Los Angeles, like Spago and the Hard Rock Cafe, also saw their share of the many Olympic athletes who made their own arrangements to explore the Los Angeles dining landscape.

Wendy Langon, an Australian team coordinator, praised the mustard-slathered Dodger Dogs she and her colleagues from Down Under consumed while watching the Dodgers in action at Chavez Ravine.

Langon also liked the variety ARA provided back at the Olympic Village. "You've got such an enormous choice; there's no way you could taste everything," she said, vowing however that before leaving Los Angeles she would munch her first taco, from the 24-hour, 1,300-seat Baron's Bistro tent-kitchen operation at the USC village.

## *Interstate United, Ogden reap share of Olympic bonanza*

**By Don Jeffrey**

LOS ANGELES — Even though ARA got all the publicity and prestige in its role as official food-service contractor to the U.S. Olympics, the summer events in Los Angeles were a financial bonanza for the major food-service companies like Interstate United and Ogden that have long-term contracts at Olympic facilities.

Interstate was the biggest winner, according to reports, serving an estimated 1.5 million people at its contract site, the L.A. Memorial Complex and Sports Arena, which held all track and field and boxing events and the opening and closing ceremonies.

Ogden served an estimated 700,000 in its two contract sites: The L.A. Convention Center, which was the nerve network for thousands of journalists, and The Forum, where 34 basketball and team handball games were played.

Both companies said they substantially renovated or increased food-service facilities to accommodate the anticipated crowds.

Interstate, with financial help from the Coliseum Commission and the Olympic Committee, upgraded and built new concession stands, increasing points of service at the Coliseum from 250 to 375 and at the Sports Arena from 42 to 75.

Spokesman Sheldon Silver said, "This was the largest food and beverage concession in the shortest amount of time in the history of the company."

Interstate has had the contract there since 1977, handling events like L.A. Raiders and Express football games and concerts by groups like the Rolling Stones.

For the Olympics and the Olympic trials, Interstate hired 2,500 to 3,000 new employees. Silver said an estimated 1.2 million hotdogs, 1.1 million cups of beer, and 160,000 boxes of popcorn were sold.

But at the L.A. Convention Center the mix of food-service locations operated by Ogden included a snack bar, cafeteria and a tablecloth restaurant.

Ogden manager Mike Fleming said facilities were renovated in a joint venture with the city. Reporters and media technicians used the Coliseum as their base of operations.

At The Forum in nearby Englewood, where Ogden has a 15-year contract, Olympic food-service revenue was estimated at $1.5 million.

As at the other Olympic facilities, double events were scheduled many days at The Forum, each requiring separate admission. General manager Harold Zoubul said that for the morning events Ogden provided breakfast items such as sausage and egg croissants and bagels. In addition to the concessions inside the facility, he had refrigerated trailers and stands set up outside to accommodate early arrivals for the later events. The Forum Club, a tablecloth restaurant, was used by the press, club members, VIP's, and Olympic families.

In addition to these two large food-service companies, other contractors, such as Servomation and the Williams Brothers, ran concessions at sites outside Los Angeles.

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CHAIN ANALYSIS/PART II

***Menu mix study: fast feeders gain—Pp. 63-79***

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Nation's
# Restaurant News

*The Newspaper of the Food Service Industry*

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**The use of blackboards is one inexpensive method operators have discovered for announcing off-the-menu specials.**

# Off-the-menu specials soar as margin, promo boosters

## *But higher-priced offerings could alienate customers*

**By Charles Forman**

Off-the-menu specials are sweeping into use in restaurants of every description, from midpriced downtown luncheon pubs to candle-lit suburban white-tablecloth operations.

Operators say popular interest in novel foods, patrons' desire for freshness—and, more than anything else, the public's growing romance with the dining-out experience—are making specials proliferate as a strong marketing technique.

Many say two-thirds or more of their lunch and dinner entrées are ordered from off the menu.

But a storm is brewing, too, threatening to erode the reputation of restaurants that offer specials and creating vociferous disagreements within the industry over the best way to present off-the-menu items.

Concerned restaurateurs point to a swelling chorus of customer grumbling that has greeted the attempts of less scrupulous—or knowledgeable—operators to enhance their image and their margins with specials.

Complaints run the gamut, from annoyance at lengthy and ofttimes incomprehensible recitations by servers, to accusations of intentional cheating.

A well-known Philadelphia restaurateur recently expressed outrage at what he considered unconscionable overpricing at a New York landmark operation.

"I ordered an appetizer from the specials, and when the bill came, it was four times the price of the appetizers on the menu!"

A few operators say they're going to do something about these situations.

At Eugene's in Chicago, proprietor Gene Sage for six weeks has been having servers present guests with a card from which they can peruse daily specials—and prices—at their leisure.

At La Poële D'Or, a new Fort Worth, Tex., restaurant with a French Provincial menu, daily

*(Continued on page 146)*

# *Pizza Hut buys 45-unit Golden Bear chain*

WICHITA, Kan. — Pizza Hut has acquired Montgomery Ward's 45-unit Golden Bear family-restaurant chain for more than $10 million.

Virtually all of the units are expected to be converted to company-owned Pizza Huts before the end of the year.

Most are located in the expansive Chicago Metropolitan Area, which means that Pizza Hut will dramatically increase its presence in that important market. Before the purchase it operated or franchised 78 stores there. After the conversions there will probably be 123.

For the Chicago-based department store chain, this represents the final divestiture of its restaurant properties. Divestiture began several years ago when the company sold its Putsch's Restaurants in the Midwest.

It has been reported that Montgomery Ward's parent, Mobil, wanted the restaurants sold.

Pizza Hut spokesman Mike Jenkins said that the Golden Bears would be converted to pizza parlors for about the same cost as the conversions of Sambo's to Pizza Huts, estimated at $100,000 to $180,000 each.

Thirty-six of the acquired restaurants are in Illinois, nine in Indiana. Two are operated under the name Jose D. McMillan's.

Jenkins said, "This will give

*(Continued on page 146)*

NRN *honors a 'living legend'*

# *Schoenbaum named Pioneer of the Year*

**Alex Schoenbaum**

**By Charles Bernstein**

CHARLESTON, W. Va. — Alex Schoenbaum, a living legend who has boosted the foodservice careers of countless young people and executives and contributed to innumerable causes, has been chosen *Nation's Restaurant News*' 1984 MUFSO Pioneer of the Year.

This special award will be presented at the annual Multi-Unit Food Service Operators (MUFSO) conference awards banquet in Dallas' Loews Anatole Tuesday evening, Oct. 2. Friends and guests representing the many phases of Schoenbaum's career will be at the banquet at which 1,000 people are expected to honor him and the six MUFSO Golden Chain Award winners along with the MUFSO Operator of the Year.

In winning the coveted MUFSO Pioneer Award, Schoenbaum, 69, joins select company. Only two people have won previously—J. Willard Marriott Sr. and the late Ray Kroc.

"Always give back to the industry and the community something of what it has given you" has been Schoenbaum's guiding principle from Day 1. He has won the admiration and friendship of hundreds of restaurant people in the trenches and ranging to the very top executive suites.

On any typical day here at his Charleston home, or at his Sarasota winter home, the industry patriarch's phone rings off the hook with calls from friends and associates all over the country and the world.

Still senior chairman of Shoney's Inc. and a prime reason why this diversified restaurant company (Shoney's restaurants, Captain D's fast-food seafood and Famous Recipe chicken) has racked up an unprecedented 100 consecutive quarters of earnings increases, Alex gives freely of his advice to all who ask and to Shoney's co-

*(Continued on page 146)*

## LATE NEWSBREAKS

**McDonald's will open 40 units on U.S. Navy installations under terms of a competitive contract won by the giant burger chain. The eventual number of Navy-base McD's may reach 300 under an option in the 10-year deal. Burger King is the franchisee for the Army and Air Force Exchange Service with 185 units planned at Army and Air Force bases.**

**Prime Motor Inns, operator of 44 motels in the Northeast, is making a $212 million bid to acquire major Holiday Inns franchisee American Motor Inns.**

**Casa Gallardo, General Mills' 34-unit Mexican dinnerhouse chain, is pushing to mainstream its menu with entrée replating and menu item name changes. The most recent change is a switch from the "tacos al carbon" platter to steak tacos.**

**Plagued by declining ShowBiz Pizza business, Brock Hotels Corp. reported a $1.2 million net loss on a 5% drop in revenues to $75 million for the second quarter ended June 29.**

# Monterey's Hammerheads: food merchandising mecca

**By Richard Martin**

MONTEREY, Calif. — While the nation's diners and foodservice strategists continue their endlessly symbiotic search for novelty and quality, California culinary circles continue dishing up plenty of inspiration.

A masterfully merchandised menu mix of roast duck and oakwood-grilled meat specialties, along with a lavish "chocoholic" dessert buffet, has catapulted restaurateur Glenn Hammer's new Hammerheads dinnerhouse concept here into the fine-dining limelight.

In the six months since it opened in a restored firehouse (Monterey's first, circa 1897), Hammer has shown off the fine-dining savvy one might expect of the former general manager of Restaurants Central here, the parent company of the *Nation's Restaurant News* Hall of Fame Sardine Factory.

"What I've done with Hammerheads is give Monterey its first 'city' restaurant," Hammer says, describing the walk-in-off-the-street accessibility, the casually sophisticated ambience and the urbane menu style that have attracted a broad cross section of Monterey society to his 105-seat downtown spot a few blocks from the wharf.

In a teal-blue, gray and peach setting of plush, couchlike banquettes and oaken tables forming a fusion of the contemporary and the antique, Hammerheads' diverse array of meal possibilities is attractively showcased.

As the chocoholic bar beckons with its postprandial titillations, diners at Hammerheads scan a four-part menu (duck, barbecue, steak and seafood) structured to satisfy a diversity of tastes.

Twice-cooked duck items—half birds first oven-roasted, then broiled and sauced—come in five styles, priced from $13 to $15. Choices include honey-almond; raspberry (from an imported French liqueur); Oriental (Peking style with mu-shu pancakes, hoisin sauce and scallions); triple peppercorn (with a red, black and green peppercorn sauce) and plain.

An 8-oz. rib steak with any one-fourth duck is $15.95, and an item called Mr. & Mrs. Duck offers a duck split and served in any two styles for $14.95.

*(Continued on page 146)*

# Cutters: A new 'order anything' menu test

## Restaurants Unlimited diversifies

By Richard Martin

SEATTLE — Cutters, the stylish new combination of American bar, brasserie, restaurant, gelateria, bistro and café concocted by Restaurants Unlimited, seems to defy with impunity the hazards of overdiversification.

Promoting itself as "the go anytime, order anything restaurant you've been waiting for," Cutters seems to want to be all things to all people. It also seems it consistently provides its increasingly loyal clientele (including many upscale "yuppie" gastronomes) with an eclectic, loosely structured array of specialized dishes and libations of a breadth unlikely to be found in almost any other single restaurant in the country.

First-year sales of about $2.7 million in the prototype Cutters opened here last August, and a $3-million-plus annual sales pace attained by the six-month-old Cutters in Santa Monica, Calif., appear to validate 16-year-old Restaurants Unlimited's strategic shift from standard-brand dinnerhouses to this more complex, risky kind of operation.

A potential operating profit of about 10% at the unit level—some three or four points above the company's norm—lends a further endorsement to RU's adventure in dining diversity.

Upon entering a Cutters, the senses of diners are assaulted with an abundance of possibilities. The smell of fresh garlic wafts out of exhibition ovens in the entryway market-deli area, where the olive oil-basted Italian pan bread, *focaccia*, is continuously produced to accompany entrées.

A little farther on, neon script announcing "espresso" and "varietal wine" heralds the impressive bar operation, replete with a nitrogen-displacement wine dispenser, fresh-juice squeezers, an imported espresso machine and a huge mirrored back bar showcasing an encyclopedic lineup of beers, single-malt Scotches, Cognacs and other alcoholic exotica.

In the first Cutters, a successful hybridization of subtle Art Deco and techno-modern design elements is attractively punctuated by a large L-shaped view kitchen with waist-high counters for unobstructed visibility by diners.

Hawaii's answer to mesquite—the pungent, super hot-burning kiawe wood—is flown in to fire Cutters' broiler, on which a select variety of "guaranteed" fresh seafood and shellfish rarities from the Pacific Northwest and the Islands is cooked.

Elsewhere on the cooking line, elaborate salads are tossed; fresh, housemade pastas are dressed; sashimi and carpaccio are sliced; Japanese noodles are garnished; Korean sesame barbecue ribs are marinated; rack-raised oysters are shucked; goat cheese-and-sun-dried-tomato pizza is baked; rock-salt roasted prime ribs are carved, and escargots are sautéed with prosciutto, garlic and onion, then plumped onto a pumpernickel crouton, just as at Café des Artistes in New York City.

In fact, Cutters' 75-plus item, pan-ethnic lunch and dinner menus (each with accompanying fresh sheet) take the truth-in-menu ethic to new heights, giving explicit credit to several dozen recipe and product sources and inspirations.

With fresh fish, salads, pastas and ethnic items among its biggest sellers, Cutters brings in an average per-person check of $6.75 at lunch and $12.50 at dinner, including about 30% in bar items.

Two Culinary Institute of America grads, the Seattle Cutters' chef Garrett Cho and the Santa Monica unit's chef John Schuberg, work hard to maintain high-volume stan-

*(Continued on page 145)*

**This, according to Cutters' self-promotion, is the "go anytime, order anything restaurant you've been waiting for."**

COMMODITIES

## Dairy surge is over; seafood prices level off

**NRN Special Report**

In an unexpected move, dairy prices zoomed during late June and early July, running up the cost of butter at dairy dockside by nearly 10%. Agricultural economists give several reasons for the tight supplies that triggered the price hike. One is that the Federal Dairy Diversion Program, which was aimed at reducing production, has been successful. Milk production this year is down by 3%.

Farmers under the Government plan are selling off low producers, but overall production per cow has been dropping—even though only slightly—despite the express intention of farmers to get rid of their lower producers. There has, in addition, been a demand for dairy products for export, which has cut into domestic supply.

To end the run-up, the Department of Agriculture dug into its surplus and sold butter and cheese back to manufacturers. And that Federal surplus is down 32% from last year!

Expect higher cheese prices across the board. Kraft raised the price of "natural" cheeses in May by 3%, the first rise in more than a year and a half. Other producers have raised their prices or are considering doing so.

This year's shrimping in the Gulf of Mexico, both for American and foreign boats, appears to be in better shape than during the past several years. The price of both brown and white shrimp has been inching downard for the past month or so. In July alone, the price at freezers' docks dropped by 20¢ per pound. That's less than 3%, but the trend appears downward.

Seafood in general seems to be moderating in price. Though there are some glaring exceptions, such as for Alaska crab, many prices are down at the primary manufacturing level, but some drops may not have made it through the distribution chain.

The supply of scallops is up by 72%. There are good supplies

*(Continued on page 145)*

### PRICE MOVEMENT AT A GLANCE

| | Aug. 3, 1983 | July 3, 1984 | Aug. 3, 1984 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.95 | $ 1.02 | $ 0.99 |
| Broilers, Grade A dressed, icepack, NYC (lb.) | $ 0.5740 | $ 0.6577 | $ 0.5614 |
| Butter, Grade AA, Chicago (lb.) | $ 1.47 | $ 1.6075 | $ 1.48 |
| Ham, canned Polish, 11 lb. up, NYC (lb.) | $ 1.54-1.59 | $ 1.77 | $ 1.84 |
| Lettuce, iceberg, Calif. (24s) | $ 4.00-5.00 | $ 3.50-4.00 | $ 7.00-8.50 |
| Onions, large yellow Spanish-type, Texas (50 lb.) | $ 6.00-7.00 | $ 6.50-7.50* | $ 9.00-10.00 |
| Pepper, black, NYC (lb.) | $ 0.72 | $ 0.98 | $ 0.97 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 0.95 | $ 1.03 | $ 1.07 |
| Shrimp, brown, frozen, 16-20 count, Gulf Coast (lb.) | $ 7.40 | $ 7.30 | $ 7.10 |
| Tomatoes, Choice, peeled, Calif. (6/10) | $12.75 | $13.00 | $12.00-12.75 |

Source: NRN Research *New Mexico

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# T.G.I. Friday's lightening menu by dropping slow-selling items

DALLAS — Searching for ways to adjust to lower liquor sales and the probability of little future growth potential in inflation-adjusted same-store sales, T.G.I. Friday's is streamlining and lightening its broad menu.

Company president and chief executive officer Daniel R. Scoggin told a gathering of New York security analysts recently that the move to a new array of finger foods and trendy dishes will complement the evolving taste preferences of the chain's customer base.

Meanwhile T.G.I. Friday's critical beverage sales percentage had been slipping in recent years, from 40% of sales in 1980 to 36% last year. But Scoggin said the 36% figure should remain stable this year.

In addition, the company has had problems pushing up per-unit sales. Same-store sales actually fell from $3.6 million annually to $3.34 million last year.

Analysts say the company will have to look to new units and its other concepts, Dalt's and Fast Friday's, for significant sales and bottom-line gains.

The 90-unit, $270-plus million casual theme restaurant/bar chain was spun off last December from Carlson Companies Inc. of Minneapolis and taken public.

"Our concepts [T.G.I. Fridays, Dalt's and Fast Friday's] are based on change. Today, that means lighter, more healthful foods like Oriental, Mexican and northern Italian dishes with lighter sauces—everything from gourmet pizza, shrimp salad, croissant sandwiches and iced tea to red wine and fettucini Alfredo," said Greg Dollarhyde, T.G.I. Friday's vice president of finance. "The whole idea is to have a broad enough product mix to pull in people from all walks of life."

As T.G.I. Friday's and its spinoffs continue to adapt to a changing marketplace comprised of young, urban adults coast to coast, its financial outlook seems rosy. Fiscal 1984 net profit for T.G.I. Friday's, Dalt's and Fast Friday's is up an aggregate 9.6% to $11.4 million and operating profit, which constitutes 17.4% of sales, increased 6.3%, from $39.5 million in fiscal 1983 to $42 million in 1984. Revenue and system-wide sales have also climbed.

The company plans to add 20 T.G.I. Friday's this year and next, eight to 10 Dalt's—a 1940's-style bar and grill concept—and will continue test marketing Fast Friday's, a 90-seat, Dallas and Oklahoma City-based concept with food and eclectic motif inspired by T.G.I. Friday's.

*(Continued on page 146)*

MARKET UPDATE

# All-time stock market rush ups gainers by losers, 5-1

NEW YORK — Reflecting a record stock market rally that pushed up the Dow Jones index about 100 points to break 1,200, gainers outnumbered losers by almost 5 to 1 on the *Nation's Restaurant News* stock list (page 4).

There were 69 winners, 14 losers and 7 unchanged.

Ponderosa was the leading loser, dropping $2.75 to close at $18.25 after analysts trimmed earnings estimates because of high food costs in the company's new breakfast bar program. The company plans to raise prices, and analysts still support Ponderosa's strategy.

American Motor Inns, among the top gainers, closed at $18.88, up $4.38, after Prime Motor Inns proposed a takeover. The initial $18-per-share bid was raised to $19.50.

Among the other volume leaders, McDonald's added $5.63 to close at $77.75. Joan B. Kroc, founder Ray Kroc's widow, reported she and her trusts had sold some holdings, reducing her stake to 10% from 11%.

Wendy's closed at $19.50, up $1.38 on favorable earnings news.

New York-based Fast Food Operators Inc. led the percentage gainers list with a 56¢ jump to close at $1.56, rising from its 52-week low. Hungry Tiger advanced $1.75 to $6.50. G. D. Ritzy's rose $1.25 to $6. Miami-based Captain Crab was up 38¢ to $2.

Among the leading losers was Calny, a Taco Bell franchisee, down 75¢ to $8.50. Victoria Station Inc. lost 38¢, falling to $6.50. Concept Development fell 75¢, declining to $15.50. ARA Services fell $2, closing at $50.25.

Among some widely held issues, Diversifoods was up $1.75 to $13.75. Chi-Chi's rose $2.50 to $17.75. Church's advanced 38¢ to $27.

# N.J. legislators move to abolish the 'happy hour'

By Ken Frydman

KEARNY, N.J. — New Jersey, one of the first states to mandate the 21-year-old minimum drinking law and the social host statute, may soon legislate another measure aimed at curbing drinking and driving.

State Alcoholic Beverage Control director John Vassallo is now preparing regulations to end the practice of "happy hour" liquor sales promotions—a move that would adversely affect many of the state's 10,000 restaurants and 7,000 taverns. According to New Jersey Restaurant Association vice president Nancy Kelly, 85% of the association's 3,000 member restaurants possess liquor licenses.

The proposed ban, the first in the country, would restrict promotions and advertisements offering half-priced drinks; cut-rate discounting of drinks, sometimes below cost, during special times; and other inducements encouraging people to patronize restaurants and bars and consume more alcohol than they normally would.

Vassallo's move apparently was prompted by the limited

*(Continued on page 145)*

# FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

**69** Gainers
**7** Unchanged
Losers **14**

## Volume leaders

| Company Name | The Week's volume |
|---|---|
| Am Motor Inns | 21,176 |
| Wendys Intl | 18,549 |
| McDonald's Cp | 15,699 |
| PepsiCo Inc | 13,412 |
| Divfood | 12,688 |

## Top five gainers

| Company Name | The Week's Volume | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| Fast Food Oper | 881 | 1.56 | + 56.3 |
| Hungry Tiger | 699 | 6.50 | + 36.8 |
| Am Motor Inns | 21,176 | 18.88 | + 30.2 |
| Ritzys G D | 460 | 6.00 | + 26.3 |
| Capt Crab Inc | 1,015 | 2.00 | + 23.1 |

## Top five losers

| Company Name | The Week's Volume | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| Ponderosa Sys | 7,063 | 18.25 | – 13.1 |
| Calny Food | 39 | 8.50 | – 8.1 |
| Victoria Stations | 200 | 6.50 | – 5.5 |
| Concept Dev | 166 | 15.50 | – 4.6 |
| ARA Services | 2,823 | 50.25 | – 3.8 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended August 8 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 5.38 | 4.75 | 5.00 | .25 | 5.26 | 8.75 | 4.00 | -.58 | -2.30 | 1.67 | 20.28 | .40 | .39 S | NC | 6.0 | 4.3 | 12.8 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 5.00 | 4.13 | 4.75 | .63 | 15.15 | 7.00 | 3.88 | -.45 | -1.10 | 3.54 | -55.25 | -2.05 | -1.90 S | -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 15.63 | 15.25 | 15.63 | .38 | 2.46 | 18.75 | 12.69 | .16 | -.36 | -3.97 | -17.11 | 1.67 | .18 Q | 12.0 | 39.0 | 2.1 | 9.3 | .40 | 2.6 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 19.00 | 14.13 | 18.88 | 4.38 | 30.17 | 19.00 | 12.50 | .63 | 3.02 | 13.83 | -23.81 | 1.26 | .01 S | .8 | 34.0 | 8.6 | 16.6 | .15 | .8 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 52.00 | 46.00 | 50.25 | -2.00 | -3.83 | 55.75 | 40.25 | .16 | -.17 | 1.50 | -23.55 | 4.37 | 1.21 Q | 36.7 | -3.0 | 1.7 | 11.2 | 2.10 | 4.2 | 05-25-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 12.75 | 11.63 | 11.88 | -.25 | -2.06 | 17.50 | 10.50 | -.22 | -2.21 | -5.09 | 16.14 | .72 | .46 S | 115.0 | 1.0 | 3.6 | 13.8 | .12 | 1.0 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.38 | 2.63 | 3.13 | .50 | 19.05 | 7.13 | 2.63 | -.41 | 1.93 | -.81 | -6.33 | -1.30 | -2.34 Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 17.50 | 16.25 | 17.25 | .25 | 1.47 | 25.19 | 14.75 | .27 | -.53 | -7.70 | 6.19 | .89 | .14 N | 16.8 | 21.0 | 7.5 | 17.8 | .30 | 1.7 | 08-06-84 | 187.5 | 14.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 5.63 | 4.50 | 5.00 | .38 | 8.11 | 8.50 | 4.38 | -.22 | -.69 | -.03 | 5.41 | .17 | -.01 Q | NC | -14.0 | .7 | NE | .10 | 2.0 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calibre Cp | CLBR | 4.25 | 3.75 | 4.25 | .25 | 6.25 | 11.75 | 3.25 | .12 | 1.95 | -5.47 | -13.89 | .07 | -.20 S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 | 0783 |
| Calny Food | CLNY | 8.75 | 8.50 | 8.50 | -.75 | -8.11 | 10.75 | 7.25 | -.25 | -1.11 | -4.91 | -46.67 | .52 | .07 F | 15.5 | 3.0 | 4.8 | 16.3 | .16 | 1.9 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 | 0284 |
| Capt Crab Inc | CRAB | 2.25 | 1.88 | 2.00 | .38 | 23.08 | 8.38 | 1.63 | -1.41 | -3.49 | -.42 | -10.80 | .00 | .00 Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.00 | 8.13 | 8.75 | .50 | 6.06 | 11.88 | 7.13 | -.35 | -.04 | 1.61 | 19.68 | .50 | .26 Q | 83.8 | 99.0 | 3.7 | 15.4 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 18.00 | 14.75 | 17.75 | 2.50 | 16.39 | 29.00 | 12.50 | -.47 | 1.91 | 2.80 | -8.65 | .66 | .26 F | 65.0 | 121.0 | 10.3 | 26.9 | .00 | .0 | 09-28-83 | 161.7 | 16.7 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 17.50 | 17.00 | 17.25 | -.50 | -2.82 | 18.38 | 12.75 | 1.03 | -1.14 | 3.05 | 18.72 | .29 | .17 N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 | 0683 |
| Ch Full O Nut | CHF | 10.50 | 9.00 | 9.75 | .50 | 5.41 | 20.41 | 8.50 | -.74 | .17 | -1.58 | -10.20 | .62 | -.18 N | -32.7 | -6.0 | 2.9 | 26.4 | .48 | 4.9 | 06-29-84 | 111.6 | 3.2 | 2.9 | .33 | 6.50 | 0783 |
| Churchs Fr Ch | CHU | 30.50 | 26.00 | 27.00 | .38 | 1.41 | 32.50 | 21.25 | .00 | -.73 | .65 | 31.70 | 1.66 | -.62 Q | -28.0 | .0 | 6.8 | 17.0 | .80 | 3.0 | 07-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 21.13 | 18.00 | 20.88 | 2.50 | 13.61 | 21.63 | 14.75 | .10 | 1.61 | 4.22 | 14.81 | 1.47 | .30 N | 21.4 | 27.0 | 3.8 | 12.3 | .20 | 1.0 | 06-21-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 15.75 | 15.25 | 15.50 | -.75 | -4.62 | 17.69 | 11.63 | -.05 | -.42 | -3.09 | 35.19 | .06 | .46 S | NC | 86.0 | 1.3 | 33.7 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 9.25 | 7.50 | 9.25 | .88 | 10.45 | 18.75 | 7.50 | -2.09 | 3.02 | 6.23 | 41.95 | .26 | .14 N | 70.0 | 39.0 | 2.5 | 27.2 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 23.00 | 20.25 | 23.00 | 3.00 | 15.00 | 25.75 | 15.75 | .18 | 2.54 | 1.59 | 17.05 | .86 | .06 N | 6.8 | 24.0 | 4.4 | 24.7 | .14 | .6 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Denny's Inc | DEN | 41.00 | 37.50 | 38.50 | -.75 | -1.91 | 41.38 | 29.00 | -.13 | -1.86 | -.68 | 32.85 | 2.54 | .26 N | 10.3 | 12.0 | 3.8 | 13.8 | .72 | 1.9 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 56.63 | 52.75 | 55.50 | 1.63 | 3.02 | 68.50 | 45.25 | .67 | -.70 | -3.23 | -3.54 | 2.70 | .21 N | 7.3 | -3.0 | 7.1 | 18.2 | 1.20 | 2.2 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Divfood | DFDI | 14.25 | 11.88 | 13.75 | 1.75 | 14.58 | 21.88 | 10.50 | .02 | -.26 | -.11 | .41 | .99 | .23 S | 24.7 | 68.0 | 6.8 | 11.9 | .17 | 1.2 | 06-22-84 | 484.3 | 32.9 | 2.1 | .55 | 1.99 | 1282 |
| Dunkin Donuts | DUNK | 26.25 | 22.38 | 25.13 | 2.75 | 12.29 | 26.25 | 18.13 | .56 | 1.35 | 4.30 | 42.24 | 1.62 | .23 S | 15.1 | 24.0 | 10.2 | 14.4 | .32 | 1.3 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 13.38 | 10.50 | 13.00 | 2.38 | 22.35 | 13.38 | 9.00 | .66 | 2.93 | 4.38 | 8.73 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Fast Food Oper | POPI | 1.56 | 1.00 | 1.56 | .56 | 56.25 | 3.75 | 1.00 | .44 | 10.86 | .78 | 16.89 | .06 | .01 F | 20.0 | 59.0 | 4.9 | 26.0 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 | 1283 |
| Flakey Jakes | FJAK | 7.63 | 6.75 | 7.63 | .63 | 8.93 | 9.13 | 4.00 | -.74 | 1.66 | -1.62 | 11.07 | -.15 | -.15 Q | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 | 1283 |
| Frisch's | FRS | 32.00 | 30.50 | 31.00 | .00 | .00 | 32.94 | 22.25 | .50 | -1.26 | -5.24 | -45.19 | 1.85 | .75 N | 51.3 | 22.0 | 3.7 | 14.0 | .40 | 1.3 | 06-27-84 | 110.6 | 4.1 | 1.3 | 5.73 | 14.56 | 0583 |
| Fuddruckers Inc | FUDD | 11.63 | 10.13 | 11.63 | 1.00 | 9.41 | 17.50 | 9.25 | -.35 | .43 | -.92 | -29.26 | .06 | .02 Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 | 1283 |
| Garcias Scot | GMEX | 4.88 | 4.13 | 4.75 | .13 | 2.70 | 11.00 | 4.00 | -.62 | -.49 | .71 | -12.16 | -.48 | -.09 Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 55.75 | 50.25 | 54.13 | 3.00 | 5.87 | 57.00 | 41.63 | -.05 | .37 | 1.35 | 4.07 | 4.98 | .09 F | 1.8 | 15.0 | 4.2 | 10.9 | 2.24 | 4.1 | 07-03-84 | 5600.8 | 233.4 | 1.2 | 9.71 | 25.68 | 0583 |
| Good Taco | TACO | 3.13 | 2.50 | 3.00 | .38 | 14.29 | 7.38 | 1.50 | .43 | 3.27 | -6.08 | 32.47 | -.72 | -.39 Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 | 0284 |
| Hambrg Hamlet | HAMB | 11.25 | 11.25 | 11.25 | .00 | .00 | 12.00 | 9.50 | .00 | -.56 | 7.23 | 31.25 | 1.54 | 2.64 F | NE | -14.0 | 3.1 | 7.3 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 51.75 | 46.63 | 50.38 | 4.00 | 8.63 | 59.50 | 45.50 | -.12 | -.12 | 1.12 | 34.63 | 3.20 | .30 S | 10.2 | -1.0 | 14.0 | 15.5 | 1.80 | 3.6 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 | 1283 |
| Holiday Inns | HIA | 45.50 | 40.63 | 43.13 | 2.50 | 6.15 | 57.25 | 37.25 | .05 | -.73 | -5.21 | 7.43 | 3.28 | .41 S | 14.1 | 12.0 | 7.8 | 13.1 | .90 | 2.1 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 15.38 | 12.38 | 14.75 | 2.38 | 19.19 | 27.97 | 11.25 | -.83 | 2.09 | .47 | 4.08 | 1.15 | .37 Q | 46.8 | 71.0 | 4.0 | 12.7 | .00 | .0 | 11-25-83 | 339.7 | 13.5 | 1.1 | 3.16 | 8.20 | 1283 |
| Hungry Tiger | HTIG | 6.50 | 4.75 | 6.50 | 1.75 | 36.84 | 10.75 | 4.25 | -.15 | 5.15 | 5.02 | 38.36 | .00 | -.81 S | -120.8 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 39.50 | 39.50 | .00 | .00 | 40.00 | 29.50 | -.05 | -.57 | 2.14 | 28.85 | 2.94 | .81 Q | 35.3 | 57.0 | 6.2 | 12.7 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 18.13 | 15.00 | 17.75 | 2.50 | 16.39 | 23.00 | 12.50 | .12 | 2.00 | 5.46 | 12.55 | 1.40 | .48 F | 52.1 | 74.0 | 4.9 | 12.7 | .00 | .0 | 08-15-83 | 78.2 | 3.8 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 14.00 | 12.50 | 13.75 | 1.50 | 12.24 | 17.00 | 10.38 | .27 | .00 | 3.90 | 31.46 | 1.00 | .07 N | 6.7 | 20.0 | 4.1 | 12.4 | .20 | 1.5 | 05-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 17.25 | 14.50 | 16.75 | 2.25 | 15.52 | 20.63 | 11.88 | .49 | .39 | 2.98 | -3.75 | 1.33 | -.08 N | -6.0 | 16.0 | 4.6 | 13.4 | .12 | .7 | 05-07-84 | 452.1 | 21.0 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.25 | 2.88 | 3.13 | .13 | 4.17 | 8.75 | 2.88 | -.26 | .00 | -2.93 | 18.75 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 4.00 | 3.50 | 3.88 | -.13 | -3.13 | 17.50 | 3.50 | -1.11 | .34 | .96 | -7.26 | .40 | -.31 N | -75.6 | 16.0 | 6.3 | 38.8 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 29.63 | 25.00 | 27.75 | 2.25 | 8.82 | 43.75 | 18.75 | .48 | -1.39 | 3.69 | 18.01 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 18.1 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 37.50 | 33.25 | 37.00 | 4.00 | 12.12 | 39.75 | 31.50 | .12 | .16 | 3.30 | 19.50 | 1.53 | .31 N | 20.9 | 27.0 | 9.8 | 20.7 | .60 | 1.6 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 14.50 | 12.38 | 14.13 | 1.38 | 10.78 | 14.88 | 11.38 | .33 | -.46 | 6.53 | -22.00 | 1.28 | .13 N | 10.6 | 6.0 | 6.1 | 10.5 | .28 | 2.0 | 07-10-84 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 76.25 | 67.25 | 72.75 | 5.38 | 7.98 | 77.50 | 58.50 | .05 | -.05 | -1.95 | -7.27 | 4.15 | .80 S | 21.5 | 30.0 | 3.8 | 16.1 | .44 | .6 | 06-18-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 | 1283 |
| Maverick Rest | MAVR | 6.13 | 5.25 | 6.13 | .88 | 16.67 | 7.00 | 4.13 | .42 | 2.73 | -4.06 | -9.27 | .13 | .15 Q | NC | 98.0 | 9.5 | 40.8 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 | 0184 |
| McDonald's Cp | MCD | 79.00 | 71.00 | 77.75 | 5.63 | 7.80 | 79.00 | 55.75 | .29 | 1.12 | 2.49 | 16.88 | 5.74 | .78 Q | 15.2 | 23.0 | 11.2 | 13.2 | 1.16 | 1.5 | 07-24-84 | 3062.9 | 342.6 | .0 | .00 | .00 | 1283 |
| Morrison Inc | MORR | 17.88 | 16.88 | 17.75 | .75 | 4.41 | 20.75 | 13.13 | -.03 | -.30 | -5.41 | 3.12 | 1.34 | .14 N | 10.9 | 13.0 | 4.5 | 12.5 | .40 | 2.3 | 07-16-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.38 | 1.88 | 2.13 | .25 | 13.33 | 3.47 | 1.88 | -.29 | 1.21 | -1.35 | 8.45 | .15 | .34 S | NE | -25.0 | 1.1 | 16.3 | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.38 | 2.25 | 2.38 | .25 | 11.76 | 3.63 | 1.88 | .27 | .56 | 4.67 | -8.33 | .20 | .17 Q | 170.0 | 38.0 | 2.0 | 8.8 | .00 | .0 | 09-09-83 | 20.0 | .4 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 10.13 | 8.13 | 9.75 | 1.63 | 20.00 | 24.25 | 7.25 | -.03 | .74 | .92 | 14.00 | .70 | -1.71 N | -228.0 | -26.0 | 3.6 | NE | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .8 | 6.57 | 4.96 | 0683 |
| 1 Potato 2 | SPUD | 7.75 | 7.50 | 7.50 | .00 | .00 | 12.50 | 7.50 | -.48 | -.61 | -11.69 | .81 | .05 | .73 F | NE | NC | 1.1 | NM | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 | 0284 |
| Ogden Corp | OG | 29.50 | 27.00 | 28.25 | 1.13 | 4.15 | 34.38 | 24.50 | -.09 | .10 | -2.15 | -25.55 | 2.64 | .60 Q | 30.1 | -8.0 | 3.0 | 10.9 | 1.80 | 6.4 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Pancho Mex Buffet | PAMX | 8.00 | 6.38 | 8.00 | 1.38 | 20.75 | 8.88 | 5.88 | .19 | 2.61 | -2.58 | -21.59 | .43 | .12 N | 29.2 | 61.0 | 4.8 | 15.1 | .10 | 1.3 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 1.88 | 1.50 | 1.75 | .25 | 16.67 | 13.38 | 1.25 | -.16 | .36 | -5.18 | 23.44 | .28 | -.32 N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 44.88 | 42.88 | 43.25 | -.63 | -1.42 | 44.88 | 32.63 | .07 | -1.17 | 2.13 | -7.89 | 3.01 | .17 Q | 5.7 | 3.0 | 4.0 | 13.9 | 1.68 | 3.9 | 06-04-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 | 1283 |
| Piccadilly Caf | PICC | 24.00 | 22.00 | 23.75 | 1.75 | 7.95 | 24.00 | 12.75 | .16 | -.46 | -1.44 | -1.39 | .99 | .05 N | 4.6 | 5.0 | 3.9 | 21.0 | .60 | 2.5 | 06-04-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 40.00 | 37.00 | 38.88 | 1.13 | 2.98 | 41.50 | 29.50 | .13 | -.99 | -4.53 | -32.20 | 3.29 | .96 N | 32.6 | 13.0 | 3.9 | 10.0 | 1.40 | 3.6 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 12.13 | 9.38 | 11.75 | 1.63 | 16.05 | 15.75 | 8.38 | -.15 | 2.91 | -4.13 | -3.26 | 1.14 | .38 Q | 53.5 | 30.0 | 2.5 | 10.8 | .08 | .7 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 16.63 | 14.38 | 16.00 | 1.75 | 12.28 | 16.75 | 12.63 | .19 | 1.59 | 2.41 | -2.57 | .37 | .41 Q | NC | 4.0 | 1.9 | 39.0 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 21.25 | 17.13 | 18.25 | -2.75 | -13.10 | 24.88 | 16.00 | -.20 | -.47 | 9.23 | 2.95 | 1.50 | -.41 N | -25.7 | -5.0 | 2.8 | 15.5 | .40 | 2.2 | 06-06-84 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Primo Inc | PRMO | 2.63 | 2.50 | 2.63 | .13 | 5.00 | 7.00 | 2.38 | -.72 | -.50 | 4.12 | -.98 | .11 | .13 Q | NC | 72.0 | 11.5 | 20.2 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 | 0983 |
| Ramada Inns | RAM | 7.25 | 6.13 | 7.13 | .75 | 11.76 | 11.63 | 5.63 | -.53 | .90 | -3.12 | 8.91 | .13 | 1.48 Q | NE | -18.0 | .7 | 12.7 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 15.75 | 13.50 | 15.50 | 1.50 | 10.71 | 21.50 | 12.50 | -.42 | 1.10 | -.45 | .89 | .57 | .63 Q | NC | 57.0 | 3.8 | 24.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Rest Assoc | RA | 8.25 | 7.50 | 7.88 | .25 | 3.28 | 9.50 | 6.50 | -.23 | -1.66 | -11.53 | -1.53 | .88 | .17 Q | 25.0 | 23.0 | 1.9 | 9.3 | .00 | .0 | 00-00-00 | 118.9 | 2.2 | 1.0 | 3.98 | 7.15 | 1282 |
| Rest Systems | RSYS | 14.25 | 11.75 | 13.13 | .63 | 5.00 | 14.25 | 9.00 | .58 | 1.95 | -1.07 | 9.10 | .72 | .75 Q | NC | 19.0 | 4.7 | 17.5 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 6.25 | 4.25 | 6.00 | 1.25 | 26.32 | 12.75 | 3.50 | -1.00 | 3.89 | -1.85 | 2.21 | -.17 | .17 Q | NE | -25.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 22.00 | 17.25 | 21.75 | 4.00 | 22.54 | 26.75 | 15.50 | -.16 | 2.44 | 2.63 | -21.79 | .52 | .27 S | 71.0 | 59.0 | 10.8 | 33.5 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 35.50 | 30.63 | 33.13 | 2.25 | 7.29 | 36.88 | 24.63 | .36 | .09 | 6.86 | -7.69 | 2.10 | .52 S | 29.7 | 64.0 | 2.3 | 14.6 | .44 | 1.3 | 08-20-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 7.75 | 7.00 | 7.75 | .75 | 10.71 | 14.25 | 6.75 | -.23 | 1.79 | 6.05 | 19.83 | .70 | -.17 N | -22.6 | 15.0 | 4.5 | 13.4 | .00 | .0 | 00-00-00 | 20.2 | .9 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.00 | 8.38 | 8.88 | -.13 | -1.39 | 13.75 | 7.50 | -.58 | .42 | -1.86 | 30.66 | .23 | .86 S | 600.0 | 20.0 | 1.2 | 10.2 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 21.00 | 19.00 | 19.00 | -.75 | -3.80 | 24.50 | 13.50 | .27 | -1.81 | -5.33 | 36.44 | 1.19 | .99 Q | 180.0 | 21.0 | 2.5 | 12.3 | .00 | 0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 | 1283 |
| Shoney's Inc | SHON | 32.63 | 27.13 | 32.63 | 5.25 | 19.18 | 32.63 | 20.00 | .46 | 1.56 | 1.03 | 28.07 | 1.17 | .28 S | 27.4 | 34.0 | 6.0 | 25.1 | .16 | .5 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 19.25 | 16.75 | 19.25 | 2.13 | 12.41 | 20.50 | 13.75 | .35 | 1.32 | 3.46 | 5.15 | 1.24 | .45 Q | 52.3 | 33.0 | 3.5 | 14.7 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 5.75 | 5.00 | 5.75 | .75 | 15.00 | 11.50 | 5.00 | -.81 | 3.51 | 3.01 | -23.08 | .14 | .13 F | 300.0 | 65.0 | 4.4 | 41.1 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 15.25 | 12.25 | 15.25 | 2.50 | 19.61 | 15.25 | 8.75 | .23 | 2.30 | 3.77 | 46.49 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 14.7 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.00 | 8.00 | 9.00 | .00 | .00 | 13.50 | 8.00 | -.54 | -.51 | 2.40 | -33.33 | .81 | .14 Q | 20.8 | 26.0 | 4.0 | 11.1 | .06 | .7 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 22.00 | 16.50 | .03 | -.55 | -6.92 | 75.00 | 1.02 | -.94 Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 | 1283 |
| So Hospitality | SHOS | 5.00 | 4.25 | 5.00 | .88 | 21.21 | 5.75 | 3.75 | .39 | 3.16 | -1.82 | -25.87 | .33 | .06 F | 22.2 | 90.0 | 4.2 | 15.2 | .00 | .0 | 00-00-00 | 35.7 | 1.5 | .8 | 4.32 | .24 | 0583 |
| Consol Prdts | COPI | 5.38 | 5.25 | 5.25 | .00 | .00 | 10.00 | 4.88 | -.49 | -.81 | -5.92 | -11.90 | .29 | .06 S | 25.0 | 71.0 | 2.1 | 17.5 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 | 0983 |
| TGI Friday's | TGI | 11.75 | 10.25 | 10.75 | -.13 | -1.15 | 17.88 | 10.00 | -.78 | .36 | 4.42 | -4.44 | .65 | .68 Q | NC | 28.0 | 4.5 | 15.8 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 | 1283 |
| TGIF Texas | TEXF | 2.25 | 2.25 | 2.25 | .00 | .00 | 7.50 | 2.25 | -1.80 | -.58 | -1.88 | -16.67 | .06 | -.01 Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 | 1283 |
| Transworld | TW | 31.00 | 25.63 | 29.00 | 2.50 | 9.43 | 33.53 | 17.81 | .08 | -.28 | 3.43 | -17.03 | 1.30 | 5.38 S | 538.0 | 77.0 | 3.2 | 4.5 | .40 | 1.4 | 08-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 | 1283 |
| Vicorp Restaurants | VRES | 18.75 | 15.25 | 18.75 | 3.25 | 20.97 | 22.00 | 12.88 | -.20 | 3.49 | 6.91 | 32.04 | .85 | .41 S | 65.0 | 57.0 | 5.1 | 18.0 | .12 | .6 | 03-23-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 | 1083 |
| Victoria Stations | VSTA | 6.75 | 6.50 | 6.50 | -.38 | -5.45 | 9.63 | 5.13 | -.45 | -1.48 | -6.12 | -13.89 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 20.50 | 17.63 | 19.50 | 1.38 | 7.59 | 20.50 | 10.97 | .31 | .23 | 2.15 | -11.55 | 1.01 | .19 Q | 21.8 | 21.0 | 7.7 | 18.4 | .24 | 1.2 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Wstn Steer | WSMP | 11.25 | 10.50 | 11.00 | -.25 | -2.22 | 13.50 | 9.00 | -.39 | -.77 | -6.80 | 21.21 | 1.02 | .07 Q | 7.1 | 4.0 | 3.3 | 10.5 | .16 | 1.5 | 06-05-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 | 0284 |

**Footnotes:**

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

FINANCIAL NEWS

# Family Entertainment Centers files Chapter 11 court petition

ROCKVILLE, Md. — Following the lead of the failing Pizza Time Theater, 13-unit Chuck E. Cheese franchisee Family Entertainment Centers has filed for court protection from creditors under Chapter 11.

The company claimed assets equal to its current liabilities in the court filing but appears drawn into the reorganization move by disagreements with its chief lender.

Meanwhile the Maryland-based franchisee has a proposed two-pronged turnaround strategy: to develop two concepts featuring so-called upscale hamburgers and to reposition the Chuck E. Cheese units to attract more teenagers and single adults.

Patrick Hopf, Family Entertainment's chairman, said, "We've lost a lot of battles, but we haven't lost the war. Now we have a strategic plan and have some breathing space to carry out the strategy."

Family Entertainment had made three agreements in principle to raise capital: two involved conversions of units to upscale burger restaurants, and one was the sale of units for cash.

One agreement would convert three Chuck E. Cheeses in Virginia to the new Colorado Cafe. Private investors would pay $1.1 million for 90% of the assets of the stores and commit $700,000 for the conversions.

In a second agreement, another group of investors would pay $200,000 to convert the base store in Rockville to another upscale burger concept, Cassidy's Market Fresh Cafe. They would own 50%.

Both Colorado Cafe and Cassidy's would feature upscale burgers, bakeries and ice-cream stands. Cassidy's would probably have more limited service, Hopf said. The Cassidy's was expected to open in October, the Colorado Cafes early next year.

The third agreement would sell three Chuck E. Cheese units—two in Virginia and one in Maryland—to an investor group at an estimated price of $200,000 each.

All agreements must be approved by the court, under the terms of the Chapter 11 filing.

Family Entertainment said it filed for protection after it failed to reach an agreement with its principal creditor on how the raised capital should be used. Hopf said he wanted it used to reduce the working capital deficit, but the bank wanted it applied to long-term debt.

The franchisee posted a first-quarter loss of $11,464 on sales of $3.7 million. In 1983 the company had a net loss of $3.2 million on sales of $20.3 million.

Sales have plummeted at Chuck E. Cheese pizza parlors nationwide, according to analysts, because of concept oversaturation, mediocre food and a decline in the popularity of video games. The stage shows that feature computerized animated characters are still popular with young children but not with their parents.

Nation's Restaurant News

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# Wendy's net up 35% to $19M in 2nd qtr.

DUBLIN, Ohio — Still propelled by the twin booms of "Where's the Beef?" and baked potatoes, Wendy's International posted a 35% year-to-year leap in net profit to $19.25 million for the second quarter, ended June 30.

Revenue rose 38%, to $240.4 million, and systemwide sales rose 32%, to $621.4 million. The number of outlets in the fast-food burger chain increased to 2,815, 11% over the year-earlier total.

Year-to-date, Wendy's reported a 33% net profit gain to $32.3 million, a 36% rise in revenue to $445.9 million, and systemwide sales of $1.16 billion.

## FINANCIAL JOTTINGS

### Winners moves to New York Exchange

NEW YORK — The common stock of Nashville-based Winners Corp. has moved from over-the-counter trading to the New York Stock Exchange. The company operates and franchises the Mrs. Winners chicken-and-biscuits chain and operates franchised Wendy's outlets. For chairman Jack Massey, it is the third time he has seen one of his companies join the Big Board. His two other successes were Kentucky Fried Chicken and Hospital Corp. of America.

### Del Taco seeks funds for new construction

COSTA MESA, Calif. — Turning to an increasingly popular financing method, Del Taco Inc., a privately held California fast-food chain, has filed a plan with Government authorities to raise $13.8 million in a tax-sheltered partnership.

The company, which is unaffiliated with W. R. Grace & Co.'s Del Taco chain, will use the funds for new restaurant construction.

The plan calls for investors in the partnership to finance and own the restaurants, while leasing them back to Del Taco. The investors get tax breaks such as depreciation and investment tax credits, while Del Taco gets to operate the units without incurring new debt.

Past users of the tactic include Burger King, which has used it to aid franchisees, and a Duff's Famous Smorgasbord franchisee, Sunbelt Paragon of Lebanon, Ohio.

### PepsiCo 2nd-qtr. operating profit up 25%

PURCHASE, N.Y. — Operating profit from PepsiCo's food-service division, which includes Pizza Hut and Taco Bell, increased 25% in the second quarter compared to the same period last year.

Total food-service sales were up 22%. PepsiCo does not break down its results for each chain.

The company also reported that average sales per store increased 12% in the third quarter and that real sales, taking menu price hikes into account, were up 8%.

The gains were attributed largely to the successful introductions of new products at Taco Bell. According to other reports, the Taco Salad has resulted in a 30% sales gain.

Overall, PepsiCo reported a net loss of $42.5 million for the quarter ended June 16.

PepsiCo's total revenue for the quarter was up 12% to $1.88 billion.

*More FINANCIAL JOTTINGS on page 89.*

## EARNINGS REPORT

| Company | Period | Period Ended | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|
| A&M Food Service | 3 mos. | 6/12 | $ 7.600 | 29.0 | $ 0.426 | – 6.0 |
| Associated Host | 3 mos. | 6/28 | 23.970 | 4.0 | 1.065 | 6.0 |
| | 9 mos. | 6/28 | 71.120 | 4.6 | 2.990 | 32.0 |
| Big Bite | 3 mos. | 6/30 | | | 0.033 | |
| | 6 mos. | 6/30 | | | 0.055 | |
| Church's | 6 mos. | 6/10 | 233.500 | 18.0 | 17.700 | – 5.8 |
| | 3 mos. | 6/10 | 125.800 | 19.0 | 10.900 | 2.8 |
| Diversifoods | 3 mos. | 6/30 | 146.200 | 20.0 | 9.700 | 2.0 |
| | 6 mos. | 6/30 | 271.900 | 18.0 | 9.700 | 2.0 |
| El Chico Corp. | 12 mos. | 6/1 | 78.100 | 21.0 | | |
| El Torito | 3 mos. | 6/30 | | | 2.199 | 53.0 |
| | 6 mos. | 6/30 | | | 4.934 | 68.0 |
| Flakey Jake's | 3 mos. | 6/17 | 1.800 | 189.0 | 0.254 | |
| | 6 mos. | 6/17 | 3.300 | 320.0 | 0.384 | |
| Fresher Cooker | 3 mos. | 6/10 | 0.914 | 48.0 | (0.320) | |
| | 6 mos. | 6/10 | 1.599 | 34.0 | (0.567) | |
| Frisch's Restaurants | 12 mos. | 6/30 | 125.600 | 12.0 | 4.860 | 19.0 |
| | 3 mos. | 6/30 | 32.800 | 19.0 | 1.800 | |
| Fuddruckers | 3 mos. | 6/30 | 5.400 | 211.0 | (0.154) | |
| | 6 mos. | 6/30 | 9.720 | 219.0 | (0.353) | |
| Gadgets | 5 mos. | 5/27 | | | (3.572) | |
| Holiday Inns | 3 mos. | 6/29 | 453.900 | 14.0 | 34.700 | – 11.0 |
| | 6 mos. | 6/29 | 856.400 | 15.0 | 60.700 | – 2.0 |
| Horn & Hardart | 3 mos. | 6/30 | 93.700 | 6.0 | 3.700 | 9.0 |
| | 6 mos. | 6/30 | 180.100 | 13.0 | 6.100 | |
| Hungry Tiger | 4 mos. | 6/8 | 21.400 | | 0.463 | – 23.0 |
| | 9 mos. | 6/8 | 52.400 | 12.0 | 0.667 | – 44.0 |
| Imasco Ltd.[c] | 3 mos. | 6/30 | 1,016.490 | 44.0 | 51.940 | 18.0 |
| Int'l Dairy Queen | 3 mos. | 7/1 | 37.900 | 8.0 | 2.500 | 4.0 |
| | 6 mos. | 7/1 | 65.700 | 18.0 | 3.200 | 14.0 |
| Int'l King's Table | 12 mos. | 6/30 | 78.200 | 56.0 | 3.800 | 58.0 |
| | 3 mos. | 6/30 | 18.800 | 21.0 | 0.984 | 16.0 |
| JB's Restaurants | 4 mos. | 7/1 | 22.200 | 31.0 | 1.000 | 23.0 |
| | 9 mos. | 7/1 | 48.700 | 23.0 | 1.900 | 27.0 |
| Jerrico | 12 mos. | 6/30 | 496.456 | 9.0 | 20.355 | – 4.0 |
| | 3 mos. | 6/30 | 129.702 | 9.0 | 6.822 | 6.0 |
| La Quinta | 12 mos. | 5/31 | 136.800 | 21.0 | 12.800 | – 5.0 |
| | 3 mos. | 5/31 | 38.00 | 25.0 | 3.200 | – 9.0 |
| McDonald's | 3 mos. | 6/30 | 882.00 | 12.0 | 108.600 | 13.0 |
| | 6 mos. | 6/30 | 1,640 300 | 13.0 | 183.600 | 13.0 |
| Mr. Steak | 3 mos. | 7/1 | 17.060 | | (0.563) | |
| | 9 mos. | 7/1 | 49.790 | 10.0 | (0.535) | |
| Nathan's | 3 mos. | 6/24 | 6.100 | 413.0 | 0.739 | 76.0 |
| Pancho's Mex. Buffet | 3 mos. | 6/30 | 22.754 | 26.0 | 0.981 | 35.0 |
| | 3 mos. | 6/30 | 8.281 | 29.0 | 0.425 | 28.0 |
| Pizza Inn | 3 mos. | 6/24 | 48.640 | 30.0 | 1.100 | 9.0 |
| | 6 mos. | 6/24 | 87.020 | 20.0 | 1.900 | – 3.0 |
| Po Folks | 3 mos. | 6/29 | 29.300 | 53.0 | 1.300 | 198.0 |
| | 9 mos. | 6/29 | 75.800 | 56.0 | 2.300 | 162.0 |
| Ramada Inns | 3 mos. | 6/28 | 148.133 | 1.0 | 0.739 | |
| | 6 mos. | 6/28 | 292.346 | 6.0 | 1.187 | |
| Restaurant Associates | 3 mos. | 6/27 | 32.770 | 8.0 | 0.564 | – 8.0 |
| | 6 mos. | 6/30 | 62.770 | 9.0 | 0.577 | – 17.0 |
| Restaurant Systems | 3 mos. | 7/14 | 8.540 | 27.0 | 0.506 | 64.0 |
| | 6 mos. | 7/14 | 19.290 | 27.0 | 2.310 | 29.0 |
| Ryan's | 3 mos. | 6/27 | 7.956 | 70.0 | 0.812 | 66.0 |
| | 6 mos. | 6/27 | 14.906 | 74.0 | 1.564 | 69.0 |
| Saga Corp. | 12 mos. | 6/30 | 1,131.000 | 12.0 | 31.000 | 19.0 |
| | 3 mos. | 6/30 | 305.700 | 19.0 | 6.400 | 68.0 |
| Sandwich Chef | 12 mos. | 6/30 | 25.630 | 27.0 | 0.704 | – 18.0 |
| | 3 mos. | 6/30 | 6.760 | 19.0 | 0.218 | – 16.0 |
| Sea Galley Stores | 6 mos. | 6/30 | 32.600 | – 7.0 | 2.300 | |
| | 3 mos. | 6/17 | 16.600 | – 11.0 | 1.700 | |
| Shoney's South | 3 mos. | 7/8 | 40.320 | 18.0 | 2.000 | 67.0 |
| | 3 mos. | 7/8 | 87.230 | 17.0 | 3.960 | 67.0 |
| Sis Corp. | 3 mos. | 6/30 | 2.050 | 99.0 | 0.055 | – 18.0 |
| | 6 mos. | 6/30 | 3.460 | 106.0 | (0.042) | |
| Swensen's | 3 mos. | 6/30 | 3.100 | – 31.0 | 0.284 | 13.0 |
| | 6 mos. | 6/30 | 5.700 | – 33.0 | 0.023 | |
| T.G.I. Friday's | 3 mos. | 7/2 | 71.200 | 22.0 | 3.400 | 14.0 |
| | 6 mos. | 7/2 | 136.500 | 23.0 | 6.500 | 25.0 |
| Taco Viva | 12 mos. | 5/31 | 21.800 | 38.0 | 1.100 | 33.0 |
| | 3 mos. | 5/31 | 5.700 | 25.0 | 0.253 | 64.0 |
| Transworld | 3 mos. | 6/30 | 504.200 | 9.0 | 29.900 | 280.0 |
| | 6 mos. | 6/30 | 967.700 | 9.0 | 49.200 | |
| USA Cafes | 3 mos. | 6/30 | 4.900 | 54.0 | 0.682 | 82.0 |
| | 9 mos. | 6/30 | 11.900 | 37.0 | 1.445 | 70.0 |
| Walt Disney Prod. | 9 mos. | 6/30 | 1,192.800 | 26.0 | 85.700 | 25.0 |
| | 3 mos. | 6/30 | 483.300 | 35.0 | 45.400 | 112.0 |
| Wendy's International | 3 mos. | 6/30 | 240.431 | 38.0 | 19.250 | 35.0 |
| | 6 mos. | 6/30 | 445.898 | 36.0 | 32.263 | 33.0 |
| Winners Corp. | 3 mos. | 6/30 | 28.100 | 32.0 | 0.801 | 10.0 |
| | 6 mos. | 6/30 | 52.398 | 34.0 | 1.111 | – 7.0 |

Source: *Company earnings reports*

*[c] in Canadian Dollars*
*— loss in corresponding period*
** In millions*
*† In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

MULTIUNIT TRENDS

# New products: Why some succeed, others fail

By Charles Forman
*Executive Editor*

With new-product mania becoming a permanent part of the fast-food scene, an old question is haunting the mini-units, the drive-thrus and the modular construction sites more than ever before.

Why does one new entry end up driving sales and margin gains—and executive bonuses—while another ends up dangling as hopelessly as Nixon wanted to let his FBI director, Pat Gray, dangle?

Why does one new burger or sandwich or trendy repackaging of the potato capture consumer imagination and dollars, while another new addition is forced to whimper into oblivion after a brief run on the menu board?

Unfortunately, the new product scoreboards that some chain leaders keep in secret chambers down the hall from their offices have room on them for just about everything but the answer to the question Why?

It's dreadfully important, though. Fast-food facilities are still rightfully called limited-menu restaurants. They're limited in terms of space and production facilities, if not anymore in terms of the number of items they'd like to move across the counter.

So, while marketing guys are out feeling the consumer pulse and rereading their texts on product life cycles, operations mavens are pulling their hair figuring out how they're going to make this brave new world work.

### Competition

Major chain intros are big gambles. Wall Street fidgets and everyone has his calculator in hand. At some companies, when a new dinner line bombs, the chief executive changes jobs. When a hamburger crusted with bacon becomes a best seller, the hero's wreath crowns a new brow.

One of the most fascinating product battles for a bystander to focus on at the moment is the crossing of swords by Wendy's and Burger King with their salad bars.

Neither is brand-new. Burger King added its salad bar during the second quarter of 1983. Wendy's was first, entering the market a year earlier.

At both burger chains product sales levels appear stable. But a difference in performance, that is to say, simple popularity, is evident.

**HARDEE'S**
**Product Information by Quarter**

**Mushroom Burger**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | | $ NA |
| 2nd | | NA |
| 3rd | 7.30% | 1.63 |
| 4th | 7.07 | 1.63 |
| Total 1983 | 7.03% | $1.63 |
| 1984 | | |
| 1st Quarter | 4.02% | $1.64 |

Source: Restaurant Trends

According to information provided by Restaurant Trends, in Middletown, N.J., from the second quarter of 1983 through the first quarter of 1984 the Burger King salad bar's strength in individual unit menu mixes has been eroding.

Salad bars do sink in popularity during the colder months, but the average 2.98% of overall unit sales Restaurant Trends reports for the 1984 first quarter means a lot of customers are shunning this particular salad bar.

A look at the sales trends reported for Burger King's salad in pita bread validates this view.

The pita bread product's only purpose is to make the salad bar more attractive. After an interlude of popularity last fall, sales of this product have slumped, and Restaurant Trends says that some units that previously reported the pita salad are no longer selling it.

Wendy's salad bar meanwhile appears to have found a nice niche. First-quarter 1984 sales were measured at 7.64% of overall store sales.

A pattern of seasonality appears established; summer peaks of over 10% of overall unit sales look good.

### Finds Niche

Wendy's, too, has moved to augment salad bar potential, offering a taco salad, which Restaurant Trends reports is generally popular in all parts of the country.

Wendy's salad bar sales do seem somewhat more price sensitive than Burger King's, but obviously this has nothing to do with the performance gap between the two chains' products.

What accounts for the disparity?

That's the kind of tough question—without the advantage of hindsight—that is currently sending more than a few chain chieftains on white-knuckle trips as they ponder and begin to execute their own new product rollouts.

With hindsight, a couple of probiems Burger King might be having come to mind:

- Many Burger Kings have no place to put their salad bars except in what is virtually the store's entryway, an esthetically unattractive positioning.
- Burger King crews are not traditionally as oriented to cleaning and clearing—a salad bar must—as Wendy's crews are.
- In many locations Burger King's customer demographics may not include, and may not be attracting, as many women and others likely to patronize salad bars as is the case at Wendy's. (Burger King's salad bar is having some of its worst luck in the chain's Southern stronghold.)

### Strategy

The answers aren't easy to come by; they're just important to look for.

Many chains appear under pressure to develop and field new products even when the odds for success don't look good.

One thing all the burger chains would like to know is what to do with the dinner period. Some learning by the other fellow's experience may come from Jack-in-the-Box's run with its dinner-in-a-box product.

Jack-in-the-Box's dinner was introduced early last year. Tracking by Restaurant Trends shows it on something of a roller coaster so far. The bias is downward in terms of its percentage of overall store sales, but it's had some impressive peaks.

A product currently on the ropes is Hardee's mushroom burger. Sales as a portion of the total mix took it on the chin the first quarter of this year. Speculation is that the mushroom burger might soon disappear from the Hardee's menu.

In general, each new product has the potential to be a winner or a loser or a middling runner for its sponsors. Often success is built on a media blitz. Often failure is determined by poor quality control or poor execution in the product's presentation.

Meanwhile the marketers have convinced the fast-food industry that never-ending new product development is one way to a glorious future.

Now the industry needs to persuade the marketers to put on their thinking caps early and discover why some products will fly beyond anyone's wildest dreams and why others will sputter and crash, to no physical harm but the embarrassment of all concerned.

*For further information on Restaurant Trends research, write or phone Carl DeBiase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748. Phone 201-671-4444.*

**WENDY'S**
**Product Information by Quarter**

**Salad Bar**

| 1982 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | 6.67% | $ NA |
| 2nd | 7.46 | NA |
| 3rd | 4.78 | NA |
| 4th | 4.84 | NA |
| Total 1982 | 6.09% | $ NA |
| 1983 | | |
| 1st Quarter | 6.36% | $ NA |
| 2nd | 10.65 | 2.18 |
| 3rd | 11.02 | 2.22 |
| 4th | 8.26 | 2.20 |
| Total 1983 | 9.97% | $2.20 |
| 1984 | | |
| 1st Quarter | 7.64% | $2.28 |

**Baked Stuffed Potato**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | | $ NA |
| 2nd | | NA |
| 3rd | 10.70% | 1.74 |
| 4th | 12.30 | 1.74 |
| Total 1983 | 12.00% | $1.74 |
| 1984 | | |
| 1st Quarter | 10.07% | $1.77 |

**Taco Salad**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | | $ NA |
| 2nd | 4.33% | 2.15 |
| 3rd | 3.98 | 2.27 |
| 4th | 2.73 | 2.27 |
| Total 1983 | 3.40% | $2.26 |
| 1984 | | |
| 1st Quarter | 3.13% | $2.29 |

**Bacon Cheeseburger**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | 8.70% | $ NA |
| 2nd | 6.82 | 1.72 |
| 3rd | 6.29 | 1.71 |
| 4th | 5.15 | 1.70 |
| Total 1983 | 6.64% | $1.71 |

Source: Restaurant Trends

**BURGER KING**
**Product Information by Quarter**

**Salad Bar**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | | $ NA |
| 2nd | 4.50% | 2.14 |
| 3rd | 3.41 | 2.19 |
| 4th | 2.95 | 2.18 |
| Total 1983 | 3.33% | $2.18 |
| 1984 | | |
| 1st Quarter | 2.98% | $2.26 |

**Salad in a Pita**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | | $ NA |
| 2nd | 1.94% | 1.11 |
| 3rd | 2.63 | 1.13 |
| 4th | 1.58 | 1.14 |
| Total 1983 | 2.03% | $1.13 |
| 1984 | | |
| 1st Quarter | 1.53% | $1.21 |

**Fish Sandwich**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | 6.30% | $ NA |
| 2nd | 5.50 | 1.25 |
| 3rd | 5.02 | 1.27 |
| 4th | 4.05 | 1.25 |
| Total 1983 | 4.82% | $1.26 |

Source: Restaurant Trends

**JACK-IN-THE-BOX**
**Product Information by Quarter**

**Dinner Menu**

| 1983 | Per cent of Overall Sales | Product Price |
|---|---|---|
| 1st Quarter | 6.38% | $ NA |
| 2nd | 18.83 | 3.32 |
| 3rd | 10.33 | 3.03 |
| 4th | 12.97 | 3.18 |
| Total 1983 | 11.98% | $3.17 |
| 1984 | | |
| 1st Quarter | 8.65% | $3.23 |

Source: Restaurant Trends

## Feds plan restaurant code

WASHINGTON — The U.S. Census Bureau has set an Oct. 1 deadline for receiving proposals to revise the Standard Industrial Classification Code, which is used in developing statistical reports on major sectors of the American economy.

The Census Bureau's current definition of "eating places" includes automats, beaneries, box lunch stands and, of course, restaurants. "Drinking Places" include bars, and also beer gardens, bottle clubs, saloons and taprooms.

Proposals can be sent to: Chairman, Technical Committee on Industrial Classification, Statistical Policy Office—OIRA, Office of Management and Budget, Room 3019—NEOB, Washington, D.C. 20503.

**MORE NEW PRODUCTS**
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**Food-service political action committees:**

# Candidates may net $1M from industry coffers

By Laura Woda

WASHINGTON — Food-service industry political fund raisers are in position to contribute more than $1 million to Congressional and Presidential candidates during the final weeks of the 1984 election campaign.

An exclusive *Nation's Restaurant News* analysis of financial statements filed with the Federal Election Commission found that food-service "political action committees" have already donated over $650,000 to "pro-industry" candidates in key Federal and state races, and that contributions to PACs organized by more than two dozen restaurant chains and trade associations are flowing in at a rate 50% faster than during the 1982 campaign.

National Restaurant Association officials attribute the upsurge in food-service PAC contributions to a growing recognition by industry executives that the decisions made in Washington impact directly on their day-to-day business operations.

Since the 1982 elections, the President has signed a new law that penalizes states that do not set 21 as the legal drinking age, while Congress has debated whether to establish a youth subminimum wage rate, passed a controversial immigration reform measure and held hearings on the food industry's wide use of the now banned pesticide EDB, they pointed out.

NRA officials told *NRN* that the upcoming November elections are critical because the makeup of Congress will determine the outcome of several other important legislative battles facing the restaurant industry in 1985.

As Congress tries to reduce the exploding Federal deficit next year, business meal deductions may be in real jeopardy, they said. In addition Congress will probably have to raise taxes if it intends to lessen the nation's budgetary problems, NRA stated.

Industry leaders also predicted legislation increasing the minimum wage rate will turn up in the 1985 Congressional hopper, especially if Democratic Presidential nominee Walter Mondale—a longtime friend of organized labor—wins in November.

Other legislative battles facing restaurateurs range from the 1985 farm bill to persuading Congress to reform tip reporting requirements.

According to NRA, the industry's heightened political awareness has enabled restaurant trade associations and individual food-service chains to collect over $1.3 million for the 1984 elections—90% of their entire 1982 campaign war chest.

The restaurant industry's total 1984 campaign war chest, however, may easily top $2 million by election day as individual PACs intensify their fund-raising activities during the home stretch of the campaign.

Based on *NRN*'s survey of PAC reports on file with the F.E.C., this is a common strategy among food-service operators.

During the 1982 campaign, restaurant industry political fund raisers collected over 42% of their $1.5 million campaign war chest in the last five months of the election cycle.

According to NRA political fund raisers, the association expects to collect another $100,000 by election day 1984. At presstime NRA's PAC had raised over $75,000 for the upcoming elections.

NRA also plans on making more contributions to political candidates, especially nonincumbents, in the following months.

Because of the relatively "small" size of the PAC, NRA does not contribute to Presidential races. "We just do not have the amount of money necessary to make a difference in a Presidential campaign," a spokesman for NRA stated.

Other restaurant industry PACs do support challengers and Presidential candidates early in an election campaign, however.

At presstime, Papa Ginos had channeled $3,500 to five nonincumbent candidates, plus $500 to President Reagan's reelection campaign. Reagan also received campaign contributions from political fund raisers representing Ralston-Purina, Ponderosa, Greyhound, Pepsico and the American Hotel/Motel Association.

Ponderosa and Shoney also donated a total of $1,400 to the now aborted Presidential campaign of Sen. John Glenn.

Based on *NRN*'s survey of PAC reports covering the 1982 elections, these contributions may be just the tip of the iceberg.

At presstime, political fund raisers representing food-service operators had spent only 51% of their 1984 campaign war chest.

The 27 PACs tracked by *NRN* made 704 contributions totaling $548,837 to House and Senate candidates since the 1982 elections.

In addition, the PACs have channeled over $92,000 into state and local campaigns as well as $29,763 into allied industry fund-raising organizations run by NRA and AHMA.

*(Continued on page 55)*

## FOOD-SERVICE INDUSTRY PAC CONTRIBUTIONS

| PAC sponsor | $ contributions to: Democrats | $ contributions to: Republicans | # of contributions to: Democrats | # of contributions to: Republicans |
|---|---|---|---|---|
| Burger King | $ 0 | $ 5,000 | 0 | 1 |
| Carl Karcher | 0 | 150 | 0 | 1 |
| Greyhound | 30,825 | 45,775 | 53 | 68 |
| Hardee's | 1,000 | 1,500 | 1 | 1 |
| Heublein | 1,500 | 1,500 | 2 | 2 |
| Holiday Inns | 4,000 | 18,500 | 4 | 17 |
| International Assn. of Holiday Inns | 12,500 | 34,500 | 0 | 37 |
| International Multifoods Corp. | 0 | 1,000 | 0 | 1 |
| JB's Big Boy Family Restaurant | 0 | 0 | 0 | 0 |
| Jerrico | 3,500 | 1,850 | 4 | 7 |
| Magic Chef | 0 | 2,000 | 0 | 2 |
| Marriott | 7,000 | 2,000 | 3 | 3 |
| McDonald's | 17,800 | 65,477 | 37 | 95 |
| Morrison | 3,600 | 21,857 | 7 | 31 |
| Papa Ginos | 0 | 6,000 | 0 | 9 |
| Pepsico | 9,300 | 50,588 | 18 | 43 |
| Ponderosa | 900 | 1,000 | 2 | 1 |
| Ralston-Purina | 200 | 3,615 | 1 | 6 |
| Red Lobster | 1,500 | 5,850 | 1 | 10 |
| Shoneys | 6,650 | 4,150 | 6 | 3 |
| Steak & Ale | 0 | 56,000 | 0 | 21 |
| Stouffer | 0 | 1,000 | 0 | 5 |
| Whataburger | 0 | 0 | 0 | 0 |
| White Castle | 0 | 4,950 | 0 | 9 |
| **Trade Associations** | | | | |
| American Hotel Motel Assn. | 21,425 | 37,575 | 34 | 55 |
| International Franchise Assn. | 3,700 | 3,250 | 10 | 9 |
| National Restaurant Assn. | 11,750 | 29,700 | 19 | 42 |
| Texas Restaurant Assn. | 4,000 | 3,000 | 4 | 3 |
| Totals: | 141,150 | 407,787 | 222 | 482 |

Source: *NRN* research

## How much top 10 contribute

WASHINGTON — Here's how the 10 most active PACs representing the food-service industry shape up:

- Shoney's, the largest restaurant industry PAC, has amassed a campaign war chest of over $226,000 for the upcoming November elections. At presstime, the Tennessee-based PAC only contributed $10,800 to nine Federal candidates—seven from Tennessee. However, political fund raisers did earmark nearly $70,000 for politicians primarily running for local or state offices in West Virginia, Tennessee and North Carolina.
- Greyhound, which has over $82,000 left in its campaign coffers, has paid out $76,600 to 121 Federal candidates and $9,910 to state and local politicians since the 1982 elections.
- The latest F.E.C. figures indicate that Steak & Ale's PAC has channeled $56,000 exclusively to Republicans running for Federal office, including $2,500 to Senate Labor and Human Resources Committee chairman Orrin Hatch (R-Utah).

*(Continued on page 55)*

## Culinary union donations down from 1982 level

WASHINGTON — In contrast to the sharp increase in political fund-raising efforts by restaurant chains and industry trade associations, PAC collections by the Hotel Employees and Restaurant Employees International Union are falling below 1982 levels.

*NRN*'s survey of disclosure statements filed with the Federal Election Commission late last month found that the culinary union has collected $126,494 to support "pro-labor" candidates this fall—down from almost $130,000 during the same point in the 1982 election.

Although the drop may partially reflect rank and file disenchantment with top union officials following two years of Congressional hearings into alleged organized crime influence at the International, HEREIU Washington legislative representative Robert Juliano attributed declining PAC collections to the recent Nevada hotel strike.

"The long and costly Las Vegas strike diverted our attention and financial resources away from the upcoming elections," he explained.

However, Juliano was confident that PAC collections would increase once the candidates begin their last months of campaigning.

At presstime HEREIU's PAC was also considering whether to support a Presidential candidate.

"The PAC did not get involved in the Democratic primary races because all the Presidential candidates are friends," Juliano stated. "Consequently, we would have had to contribute to all the candidates equally—which would have drained our limited resources," he added.

Juliano, however, stressed that the PAC is encouraging its members to register for the upcoming November elections and vote.

*(Continued on page 55)*

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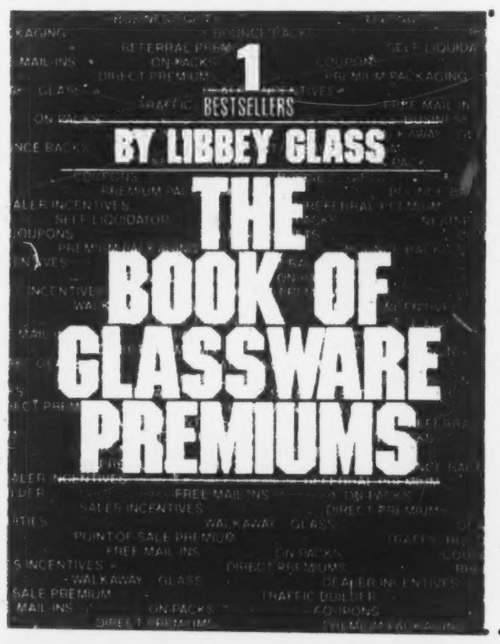


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# Industry PAC contributions up

*(Continued from page 53)*

*NRN*'s analysis also found that the PACs tilted more heavily toward G.O.P. candidates in 1982 and appear to be following the same policy this year.

During the 1982 Congressional races, Republican candidates received 73% of the over $1 million earmarked for Federal office seekers.

The latest F.E.C. filings indicate that Republicans running for Federal office this year are getting more than 75% of the contributions made by restaurant industry PACs.

Moreover, the average size of the individual contribution to Democrats ($636) is appreciably less than the average donation to Republican candidates ($846).

Based on the most recent PAC reports, restaurant-industry political fund-raising groups still have over $1 million left in their campaign coffers. Part of that money, $402,349, was left over from the 1982 election campaign.

At presstime, political fund raisers at Whataburger and JB Big Boy's Family Restaurant had not made any Federal contributions, while PACs representing Carl Karchers, Burger King, Hardee's, Heublein, Magic Chef, Ponderosa, Ralston-Purina, International Multifoods Corp., Jerrico, Papa Ginos, Red Lobster, the International Franchise Association and the Texas Restaurant Association each contributed less than $8,000 to Federal office seekers.

## SIZE OF FOOD-SERVICE PAC 'WARCHESTS'

| Sponsor | PAC Collections For '84 Campaign | $ on Hand From '82 Elections | PAC Contributions To: Federal Candidates | State Candidates | Other Industry PAC's | Admin. Costs | $ Available For '84 Campaign |
|---|---|---|---|---|---|---|---|
| Burger King | $ 38,039 | $ 5,553 | $ 5,000 | $ 0 | $ 0 | $ 520 | $ 38,072 |
| Carl Karcher | 5,187 | 1,266 | 150 | 0 | 0 | 0 | 6,303 |
| Greyhound | 128,247 | 42,160 | 76,600 | 9,910 | 1,000 | 208 | 82,689 |
| Hardee's | 24,996 | 2,236 | 2,500 | 0 | 1,000 | 350 | 23,283 |
| Heublein | 6,757 | 6,626 | 3,000 | 0 | 0 | 0 | 10,383 |
| Holiday Inns | 26,211 | 3,803 | 22,500 | 6,310 | 0 | 567 | 627 |
| International Assoc. of Holiday Inns | 82,328 | 23,505 | 47,000 | 0 | 5,506 | 2,539 | 50,788 |
| International Multifoods Corp. | 2,609 | 4,324 | 1,000 | 0 | 0 | 0 | 5,933 |
| JB's Big Boy Family Restaurant | 1,183 | 1,708 | 0 | 0 | 0 | 0 | 2,891 |
| Jerrico | 38,004 | 14,777 | 5,350 | 0 | 4,800 | 414 | 42,217 |
| Magic Chef | 50,244 | 12,110 | 2,000 | 0 | 0 | 96 | 60,258 |
| Marriott | 76,159 | 3,128 | 9,000 | 0 | 10,000 | 2,288 | 57,999 |
| Motel Assn. | 90,797 | 32,293 | 59,000 | 0 | 0 | 5,403 | 58,687 |
| International Franchise Assn. | 21,209 | 4,090 | 6,950 | 0 | 0 | 415 | 17,934 |
| National Restaurant Assn. | 75,423 | 8,646 | 41,450 | 0 | 0 | 4,075 | 38,544 |
| Texas Restaurant Assn. | 7,500 | 58 | 7,000 | 0 | 0 | 39 | 519 |
| Totals: | $1,385,363 | $402,349 | $548,937 | $92,626 | $29,763 | $39,810 | $1,076,576 |

Source: *NRN* research

### A PIZZA-PIE EYE PEELED FOR CRIME

**Napoli's Pizza, a chain in Ohio and West Virginia, has become part of a Fleetwatch program with the Parkersburg, W. Va., Police. Above, Randy Valentine, left, a Napoli's delivery boy, Napoli's vice president Ralph Waldeck are introduced to the program by Parkersburg Police Officer Linda Reed and Sgt. Alan Barnette. The program is a rolling neighborhood watch. If the delivery people spot something wrong, they radio the store who contact the police.**

## Culinary union donations down from 1982 levels

*(Continued from page 53)*

According to union officials, if Mondale is elected, HEREIU will benefit because he "will set a tone of fairness for his administration that has been missing under President Reagan.

"It will be harder for industry leaders to use illegal tactics to block a legal union election" if Mondale becomes President, he added.

Although Juliano maintained that the HEREIU PAC is not partisan, at presstime the union had contributed to 98 Democrats and only 7 Republicans.

Based on the latest F.E.C. figures, Democrats received $73,249 of the $76,899 spent by the HEREIU PAC since the 1982 elections.

During the 1982 Congressional races, 165 Democrats received $136,318 while the union's PAC channeled only $12,300 to 15 G.O.P. candidates.

## How much top 10 contribute

*(Continued from page 53)*

- PepsiCo's fund raising group has spent 60% of its $98,928 campaign war chest on 61 Federal candidates since the 1982 elections.
- McDonald's, the most active PAC in terms of Federal contributions, gave 78% of its donations to G.O.P. candidates. At presstime, the PAC still had over $27,000 left in its campaign coffers.
- Political fund raisers at the International Association of Holiday Inns have collected $82,328 for the upcoming November elections. At presstime, the PAC channeled $47,000 to 50 Federal office seekers, including $2,000 to the Presidential campaign of Sen. John Glenn (D-Ohio).
- Marriott political fund raisers have held back on their 1984 campaign contributions, donating only $9,000 to Federal candidates since the 1982 elections. However, the PAC has transferred $10,000 to allied industry PACs, including NRA and AHMA.
- The latest F.E.C. figures show Morrison's PAC has collected $60,225 for the upcoming November elections.
- Magic Chef, one of the least active food-service industry PACs, made only two contributions to Federal candidates totaling $2,000 since the 1982 elections. As of the latest F.E.C. filings, the PAC still had over $60,000 left in its campaign war chest.
- Although Red Lobster's PAC raised nearly $40,000 for the upcoming November elections, at presstime it had spent only $8,010. Sen. John Glenn (D-Ohio) was the only Democrat to receive a campaign contribution from the PAC.

## NRA kit aimed at stopping drunk driving

WASHINGTON — As a service to its members and other interested restaurateurs, the National Restaurant Association is offering an information package entitled "Help Prevent Drunk Driving."

The package contains a restaurateur's guide to prevent drunk driving, a "Know Your Limit" chart, order form and table tent, and key facts about the designated driver program; liquor liability; training of servers and management; reducing the effects of alcohol through the alcohol beverage/food combination; service of suggested snacks with alcoholic beverages; the growing "alternative drinks" market, and nonalcoholic mixed-drink recipes for bartenders.

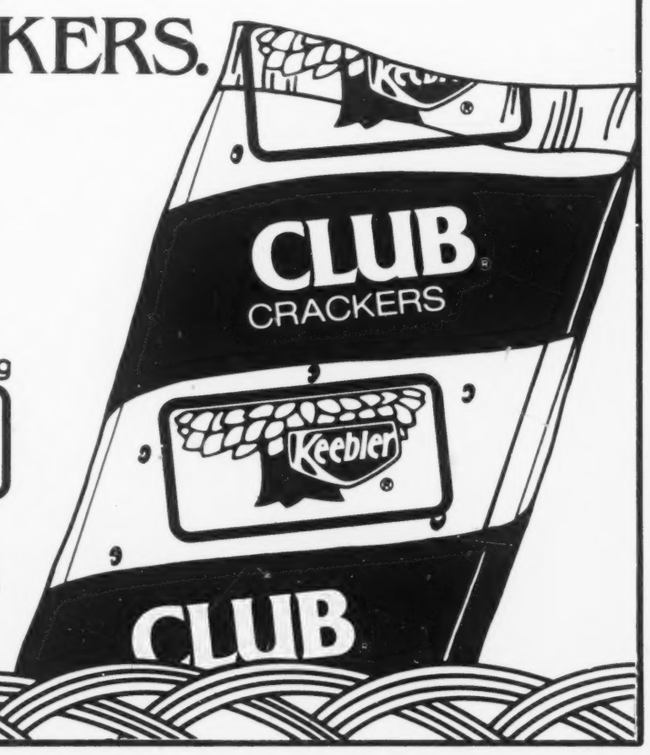
For further information on the program or the information package itself, contact Jeff Prince, senior director, the National Restaurant Association, 311 First St., N.W., Washington, D.C. 20001, or call 202-638-6100.

## U.S. to have group exhibit at show

DUSSELDORF, West Germany — For the first time there will be a United States group exhibit at a HOGATEC show—HOGATEC '84—the international trade show for hotels, restaurants and catering to be held here Nov. 12 to 16.

The show, held every two years, is cosponsored by the National Association of Food Equipment Manufacturers (NAFEM) and Dusseldorf Trade Shows, the United States office of the fair's organizer. For more information, contact Dusseldorf Trade Shows, 500 Fifth Ave., New York, N.Y. 10010. Telephone: 212-840-7744.

UNCOMMONLY GOOD RESTAURANTS NEED UNCOMMONLY GOOD CRACKERS.

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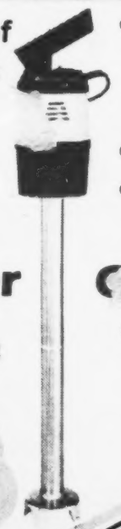

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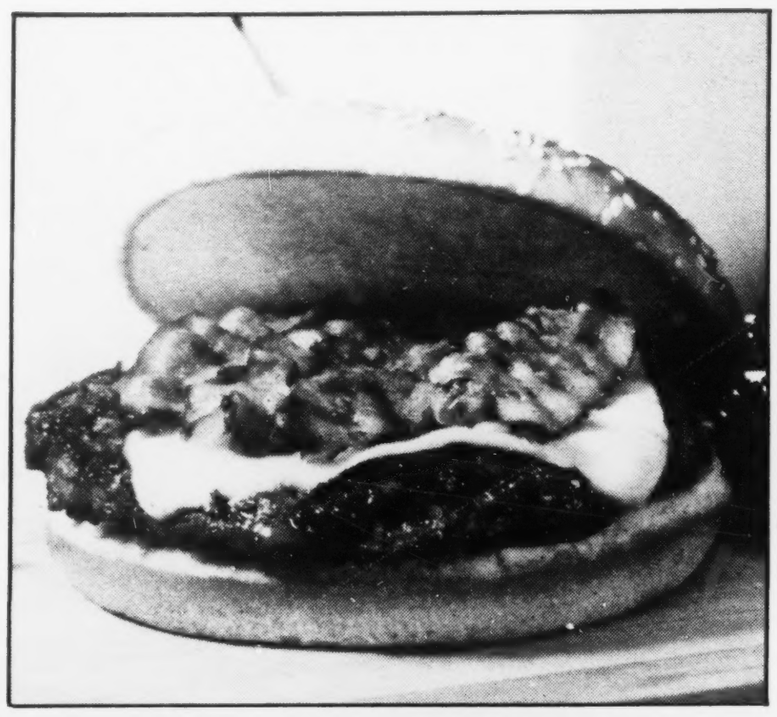
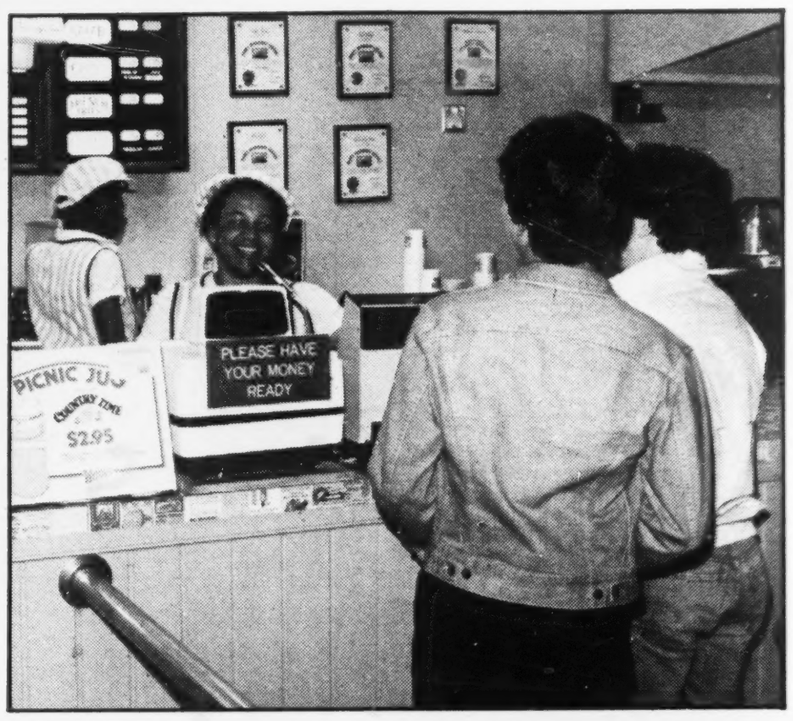
CHAIN ANALYSIS/PART II

# MENU MIX STUDY





## *Burgers still undisputed king of the food-service roost*

**By Charles Bernstein**

Fast-food burger chains are sharply outpacing coffee shop/family restaurants, and presumably other segments, too, in sales and profit growth as well as in traffic increases, a comprehensive *Nation's Restaurant News* survey of leading chains in each category indicates (the specific names of the chains are being kept confidential, as agreed to in the survey).

Key burger chains have jumped approximately 10.6% in average per-unit sales during the past year, to $878,000. This actually tops the estimated $875,000 average for coffee shop chains, which show an 8.3% average per-unit sales rise.

Considering that investment costs and labor costs are far lower for the leading burger chains, it is no wonder that their average pretax profits have jumped to 10.4% of sales, compared with a smaller increase to 9% for the leading coffee shop chains.

One reason for the leading burger chains' surge is simply that their average per-person check today is about $2.70, compared with $3.95 for the coffee shops. Burger chain price rises have averaged 4.2% in the past year while coffee shops jumped 4.7%. More important, the customer's perception apparently is that the burger chains are offering more value.

But three other factors actually have been more responsible for the rapid climb on the burger front, which has demonstrated that (despite the assertions of pizza and chicken supporters) burgers still are king.

First, the tremendous series of burger advertising battles and special promotions among the Big 3 and others have benefited all. The "Where's the Beef?" type of question has merely caused far more customers to talk about their favorite or unfavorite burgers and burger chains and has in turn helped all the chains—even more so than it has helped Walter Mondale.

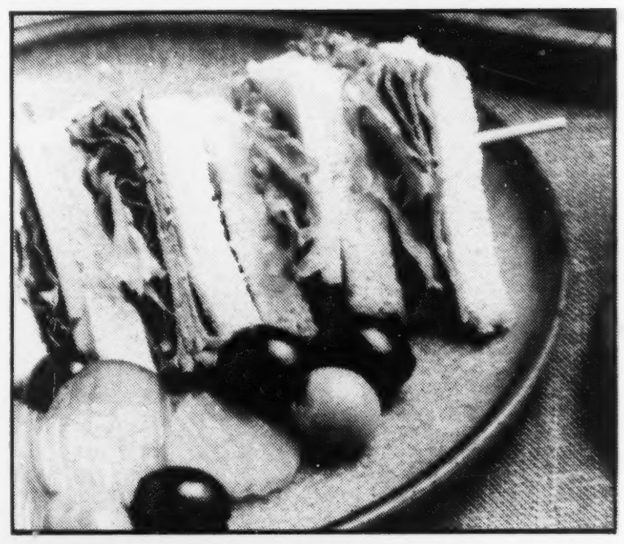
Second, burger chains have been pouring in new nonburger menu offerings at a relatively dizzying pace to stimulate customer appetites for variety. Baked potatoes, with numerous toppings available, and Chicken McNuggets are two prime examples.

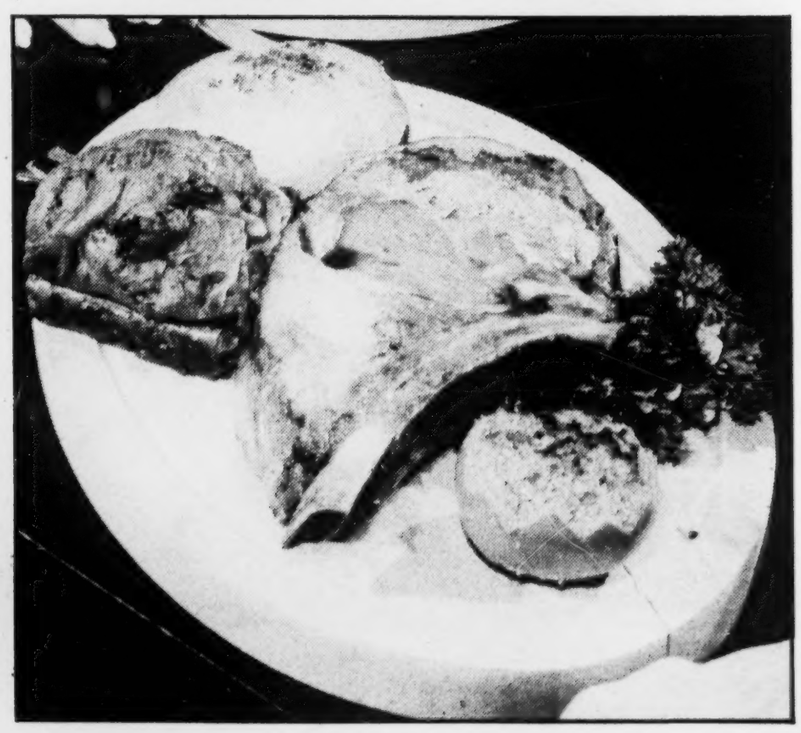
Finally, with the easing of inflation, consumers are splurging on big ticket purchases such as houses, cars and major appliances. This is virtually all financed on installment loans, leaving consumers more heavily in debt and anxious of necessity to spend less for any meal if it's the right value.

***'Coffee shops might do better if they would capitalize on their strongest meal—breakfast.'***

These figures also suggest, however, that coffee shops might do better if they would capitalize on their strongest meal—breakfast—rather than try to build up dinner item sales. Buoyed by breakfast bars and brunches, breakfast items have climbed to 30.8% of the sales mix of the leading coffee shop chains.

*(Continued on page 66)*





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## CHAIN ANALYSIS/PART II: PRICE INDEX

# *Timely price bulge favors food service*

A bulge in the rate of price increases for wholesale food at just the right time has given food service a nice advantage for the moment in the unending battle with supermarkets.

Food-away-from-home prices have been climbing fairly steadily all year at a rate just a bit over 4% a month. Right now eating out costs on average about 4% more than it did this time last year.

But wholesale food prices, which supermarkets have no choice but to pass along, have been moving up significantly faster all year—after having remained relatively flat for all of 1983.

Year-to-date wholesale food prices aren't much below 6% more than they were at last year's midpoint.

As long as this bulge in wholesale food prices over eating-away-from-home prices holds, food service will have an easily exploitable advantage in their battle to keep the food stores at bay.

The differential gives operators in most segments some breathing room to concentrate on other key cost areas: labor, financing and occupancy, including energy.

Historically customers have been shepherded back and forth from restaurant to food store or food store to restaurant by the relative rate of price increases

*(Continued on page 66)*

## *PRICE INDEX FOR FOOD AWAY FROM HOME*

1979 to June 1984 (1967 = 100.0)

| | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1979 Index** | 230.2 | 233.4 | 236.0 | 238.4 | 241.1 | 242.7 | 244.9 | 246.5 | 247.6 | 249.6 | 251.3 | 253.4 |
| **1980 Index** | 256.1 | 258.3 | 260.9 | 263.0 | 264.6 | 266.6 | 267.8 | 269.5 | 271.4 | 273.1 | 275.3 | 277.7 |
| **1981 Index** | 280.9 | 284.7 | 286.1 | 288.2 | 289.3 | 290.6 | 292.4 | 293.7 | 294.8 | 296.2 | 297.2 | 297.7 |
| **1982 Index** | 299.8 | 301.2 | 302.4 | 303.6 | 304.8 | 305.9 | 307.6 | 308.7 | 309.8 | 310.7 | 311.4 | 312.6 |
| **1982/1981 % Change in Menu Price by Month** | 6.73 | 5.80 | 5.70 | 5.34 | 5.36 | 5.26 | 5.20 | 5.11 | 5.09 | 4.90 | 4.78 | 5.00 |
| **1982/1981 % Change in Menu Price Year to date** | 6.73 | 6.26 | 6.07 | 5.89 | 5.78 | 5.69 | 5.62 | 5.56 | 5.50 | 5.44 | 5.38 | 5.35 |
| **1983 Index** | 314.5 | 315.2 | 316.5 | 318.0 | 318.6 | 319.3 | 319.8 | 321.0 | 322.2 | 323.9 | 324.8 | 325.5 |
| **1983/1982 % Change in Menu Price by Month** | 4.90 | 4.65 | 4.66 | 4.74 | 4.53 | 4.38 | 3.97 | 3.98 | 4.00 | 4.25 | 4.30 | 4.13 |
| **1983/1982 % Change in Menu Price Year to Date (Cumulative)** | 4.90 | 4.78 | 4.74 | 4.74 | 4.70 | 4.64 | 4.54 | 4.47 | 4.42 | 4.40 | 4.39 | 4.37 |
| **1984 Index** | 327.2 | 328.5 | 329.8 | 330.9 | 332.6 | 333.1 | | | | | | |
| **1984/1983 % Change in Menu Price by Month** | 4.04 | 4.22 | 4.20 | 4.06 | 4.39 | 4.32 | | | | | | |
| **1984/1983 % Change in Menu Price Year to Date (Cumulative)** | 4.04 | 4.13 | 4.15 | 4.13 | 4.18 | 4.20 | | | | | | |

Source: *NRN* Research

## *PRICE INDEX FOR WHOLESALE FOOD*

1979 to June 1984 (1967 = 100.0)

| | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1979 Index** | 219.7 | 224.5 | 225.4 | 227.5 | 226.4 | 223.9 | 225.0 | 224.5 | 228.2 | 226.8 | 229.9 | 232.1 |
| **1980 Index** | 231.1 | 235.7 | 234.7 | 231.7 | 237.4 | 237.7 | 245.4 | 253.9 | 254.2 | 258.3 | 259.3 | 253.9 |
| **1981 Index** | 255.8 | 253.9 | 253.2 | 251.6 | 250.3 | 252.2 | 255.5 | 253.7 | 251.7 | 249.4 | 247.8 | 247.6 |
| **1982 Index** | 252.0 | 253.5 | 251.6 | 254.4 | 257.9 | 259.0 | 256.8 | 255.9 | 255.4 | 252.9 | 252.1 | 252.7 |
| **1982/1981 % Change in Wholesale Price by Month** | −1.49 | −0.16 | −0.67 | 1.11 | 3.04 | 2.70 | 0.51 | 0.87 | 1.47 | 1.40 | 1.74 | 2.06 |
| **1982/1981 % Change in Wholesale Price Year to Date** | −1.49 | −0.82 | −0.77 | −0.31 | 0.36 | 0.74 | 0.71 | 0.73 | 0.81 | 0.87 | 0.95 | 1.09 |
| **1983 Index** | 252.4 | 254.7 | 255.5 | 258.1 | 258.2 | 256.5 | 256.4 | 257.5 | 261.0 | 261.1 | 258.0 | 260.0 |
| **1983/1982 % Change in Wholesale Price by Month** | 0.16 | 0.47 | 1.55 | 1.45 | 0.12 | −0.97 | −0.16 | 0.62 | 2.19 | 3.24 | 2.34 | 2.89 |
| **1983/1982 % Change in Wholesale Price Year to Date** | 0.16 | 0.32 | 0.73 | 0.91 | 0.75 | 0.46 | 0.40 | 0.40 | 0.60 | 0.86 | 1.00 | 1.15 |
| **1984 Index** | 268.3 | 270.3 | 273.5 | 271.6 | 269.8 | 267.6 | | | | | | |
| **1984/1983 % Change in Wholesale Price by Month** | 6.30 | 6.12 | 7.04 | 5.23 | 4.49 | 4.33 | | | | | | |
| **1984/1983 % Change in Wholesale Price Year to Date** | 6.30 | 6.21 | 6.49 | 6.17 | 5.83 | 5.58 | | | | | | |

Source: *NRN* Research

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## CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

# *Tightly run coffee shops keeping margins healthy*

Moderate food costs and a sharp eye on administrative and advertising/promotion expenses are helping family restaurants and coffee shops hang on to one of the widest margin levels they've enjoyed recently.

Despite a definitely sluggish level of business compared to that enjoyed by fast-food competitors, the coffee shop segment has, nonetheless, shared in the nation's economic good fortune.

While food costs slipped another 0.7% this year after a 0.7% fall-off a year ago, margins have risen to a 9% pretax level.

The gain represents the second year in a row that family restaurants have managed to widen their margins, despite chronic difficulties in matching the unit sales growth and marketing initiatives that have characterized the fast-food segment.

*'The gain represents the second year in a row that family restaurants have managed to widen their margins.'*

The prognosis for the family restaurant group continues, however, to have a murky aspect. Labor costs are creating a definite squeeze. Lower than usual levels of advertising and promotion can hardly be called healthy. And interest rate instability looms as a threat.

### *INSIDE STATISTICS OF FAMILY RESTAURANTS/COFFEE SHOPS*

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| **Cost Profile** | | | |
| Menu Price Changes | 6.1% | 5.5% | 4.7% |
| Food Cost** | 2.1 | 1.5 | 4.6 |
| Labor Cost Increases | 3.5 | 3.6 | 3.4 |
| **Consumer Profile** | | | |
| **Age Distribution** | | | |
| Under 25 | 26.8% | 24.1% | 22.3% |
| 25-49 | 46.0 | 46.6 | 45.9 |
| 50+ | 27.2 | 29.3 | 31.8 |
| Total | 100.0% | 100.0% | 100.0% |
| **Income Distribution** | | | |
| Under $8,000 | 8.2% | 7.6% | 6.2% |
| $8,000-$14,999 | 28.5 | 24.1 | 15.0 |
| $15,000-$24,999 | 38.1 | 40.2 | 30.1 |
| $25,000+ | 25.2 | 28.1 | 48.7 |
| Total | 100.0% | 100.0% | 100.0% |
| **Sales Percentage Breakdown** | | | |
| Breakfast | 21.1% | 23.6% | 25.7% |
| Lunch | 32.0 | 29.2 | 31.2 |
| Dinner/Supper | 30.2 | 33.7 | 30.1 |
| Other | 16.7 | 13.5 | 13.0 |
| Total | 100.0% | 100.0% | 100.0% |

Source: *NRN* Research

*NRN estimate

**Due to wholesale price changes

### *OPERATING HIGHLIGHTS OF FAMILY RESTAURANTS/COFFEE SHOPS*

| | 1983 | 1984* |
|---|---|---|
| **Food Sales** | 100.0% | 100.0% |
| Food | 32.2 | 31.5 |
| Supplies | 3.2 | 3.2 |
| Labor | 28.0 | 29.1 |
| Utilities | 4.6 | 4.8 |
| Advertising, Promotion | 3.6 | 2.6 |
| Administrative, General | 6.5 | 6.5 |
| Repairs, Maintenance | 1.2 | 1.7 |
| Rent, Property Tax, Insurance | 8.1 | 7.9 |
| Depreciation | 2.8 | 2.8 |
| Interest | 1.3 | 0.9 |
| **Total** | 91.5% | 91.0% |
| **Pretax Profit** | 8.5 | 9.0 |

Source: *NRN* Research

*NRN estimate

# *Burger chains outpacing family restaurants*

*(Continued from page 63)*

These chains have managed to increase their percentage of customers in the critical 25 to 49 age group, from 52.7% to 53.5%, in the past year. At the same time the proportion of customers over 50 years old has jumped from 20.2% to 21.8%. In the process the under-25's have dipped from 27.1% to 24.7%.

*'With the easing of inflation, consumers are splurging on big ticket items . . . and interest rate instability looms as a threat.'*

As might be expected, based on the ascending ages of fast-food customers, income levels are higher: 35.7% of the customers are in the $15,000 to $24,999 family income bracket, and 39.5% have incomes over $25,000.

However, coffee shops have seen their proportion of 25 to 49 customers dip from 46.6% to 45.9% and of the highly sought $15,000 to $24,999 group, plummet from 40.2% to 30.1%.

The figures are all the more surprising since with the demise of Sambo's, which was bringing down the averages with pathetic $400,000 average per-unit volumes, coffee shops still haven't gained much ground.

# *Timely price bulge benefits operators*

*(Continued from page 65)*

of one sector vs. the other.

Of course at some point food service operators, too, although they're not under the same immediate pressure to boost retail prices that supermarkets are, will have to bow to the mounting pressure of rising food prices.

Meanwhile their cause is aided in some instances by taste preferences shifting to lower-cost foods: chicken, potatoes, pasta, Mexican food and so on.

This grants some leeway to catering to the demand for more fresh foods and to adding labor in special situations, such as at salad bars.

In any case what has been a critical concern for the industry for several months appears now to have eased substantially.

*'It appears independents are losing ground in the battle for breakfast business.'*

### *AVERAGE BOX SCORE ON CHAINS—1981-84*

| | Burger Chains | | | | Family Restaurants and Coffee Shops | | | |
|---|---|---|---|---|---|---|---|---|
| | 1981 | 1982 | 1983 | 1984* | 1981 | 1982 | 1983 | 1984* |
| Average Check per Person | $2.40 | $2.45 | $2.50 | $2.70 | $3.65 | $3.75 | $3.84 | $3.95 |
| Average Annual Sales per Unit | $659,000 | $728,000 | $794,352 | $877,656 | $675,000 | $743,000 | $808,288 | $874,640 |
| Average % Food Costs to Sales | 35.1 | 34.6 | 34.4 | 33.3 | 34.9 | 32.9 | 32.2 | 31.5 |
| Average % Payroll Costs to Sales | 24.8 | 24.6 | 24.5 | 24.0 | 28.8 | 28.0 | 28.0 | 29.1 |
| Average % Pretax Profit | 8.5 | 9.0 | 9.4 | 10.4 | 5.3 | 8.2 | 8.5 | 9.0 |
| Average % Menu Price Increase in Last Year | 9.2 | 5.1 | 3.8 | 4.2 | 9.6 | 6.1 | 5.5 | 4.7 |
| Main Specialty Item | Burger | Burger | Burger | Burger | Breakfast | Breakfast | Breakfast | Breakfast |
| % of Sales of Specialty Item | 11.9 | 11.7 | 12.0 | 10.5 | 26.1 | 28.2 | 28.4 | 30.8 |

Source: *NRN* Research

*NRN estimate

FOCUS NRN

# CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

## *TOP SELLERS AT FAMILY RESTAURANTS AND COFFEE SHOPS*

| Menu Items | Average Weekly Dollars per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|
| **Breakfast** | $ 4,412 | $ 5,180 | 28.4% | 30.8% | 2,026 | 2,251 | 18.1% | 18.5% |
| **Platters/Salads** | 2,643 | 3,238 | 17.0 | 13.9 | 1,011 | 837 | 9.0 | 6.9 |
| **Beverages** | 2,812 | 2,380 | 18.1 | 19.5 | 5,180 | 6,013 | 46.3 | 49.4 |
| **Sandwiches** | 2,176 | 2,541 | 14.0 | 15.1 | 1,216 | 1,338 | 10.9 | 11.0 |
| **Dinners** | 2,211 | 2,086 | 14.2 | 12.4 | 481 | 421 | 4.3 | 3.5 |
| **Desserts** | 622 | 672 | 4.0 | 4.0 | 565 | 584 | 5.1 | 4.8 |
| **Chili/Soup/Side Orders** | 668 | 723 | 4.3 | 4.3 | 703 | 723 | 6.3 | 5.9 |
| **Totals** | $15,544 | $16,820 | 100.0% | 100.0% | 11,182 | 12,167 | 100.0% | 100.0% |

Source: *NRN* Research

**NRN* estimate

## *BREAKFAST: 30.8% OF 1984 SALES*

| Menu Items | Average Weekly Dollars per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* | Average Menu Prices 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Eggs** | $ 697 | $ 798 | 15.8% | 15.4% | 332 | 371 | 16.4% | 16.4% | $2.10 | $2.15 |
| **Omelets** | 812 | 964 | 18.4 | 18.6 | 285 | 305 | 14.1 | 13.5 | 2.85 | 3.16 |
| **Baked Goods** | 243 | 290 | 5.5 | 5.6 | 347 | 382 | 17.1 | 17.0 | 0.70 | 0.76 |
| **Pancakes** | 406 | 465 | 9.2 | 9.0 | 208 | 236 | 10.3 | 10.5 | 1.95 | 1.97 |
| **Waffles** | 75 | 88 | 1.7 | 1.7 | 44 | 42 | 2.2 | 1.9 | 1.70 | 2.10 |
| **French Toast** | 105 | 129 | 2.4 | 2.5 | 57 | 60 | 2.8 | 2.7 | 1.85 | 2.15 |
| **Cereals** | 49 | 62 | 1.1 | 1.2 | 58 | 70 | 2.9 | 3.1 | 0.85 | 0.89 |
| **Other** | 150 | 166 | 3.4 | 3.2 | 143 | 157 | 7.0 | 6.7 | 1.05 | 1.10 |
| **Meat Breakfast** | 666 | 794 | 15.1 | 15.3 | 180 | 209 | 8.9 | 9.3 | 3.70 | 3.80 |
| **Combo Breakfast** | 1,209 | 1,424 | 27.4 | 27.5 | 372 | 425 | 18.3 | 18.9 | 3.25 | 3.35 |
| **Totals** | $4,412 | $5,180 | 100.0% | 100.0% | 2,026 | 2,257 | 100.0% | 100.0% | | |

Source: *NRN* Research

**NRN* estimate

## *PLATTERS/SALADS: 13.9% OF 1984 SALES*

| Menu Items | Average Weekly Dollar per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* | Average Menu Prices 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Specialty Burger** | $ 745 | $ 644 | 28.2% | 27.5% | 276 | 225 | 27.3% | 26.9% | $2.70 | $2.86 |
| **Burger Platter** | 360 | 305 | 13.6 | 13.1 | 150 | 115 | 14.8 | 13.7 | 2.40 | 2.65 |
| **Fish Platter** | 256 | 237 | 9.7 | 10.1 | 109 | 91 | 10.8 | 10.9 | 2.35 | 2.60 |
| **Chicken Platter** | 231 | 194 | 8.7 | 8.4 | 84 | 67 | 8.3 | 8.0 | 2.75 | 2.90 |
| **Chili Platter** | 107 | 105 | 4.0 | 4.5 | 61 | 55 | 6.0 | 6.6 | 1.75 | 1.90 |
| **Diet Platter** | 404 | 366 | 15.3 | 15.6 | 137 | 120 | 13.6 | 14.3 | 2.95 | 3.05 |
| **Chef Salad** | 459 | 417 | 17.4 | 17.8 | 164 | 139 | 16.2 | 16.6 | 2.80 | 3.00 |
| **Other Platters** | 81 | 70 | 3.1 | 3.0 | 30 | 25 | 3.0 | 3.0 | 2.70 | 2.80 |
| **Totals** | $2,643 | $2,338 | 100.0% | 100.0% | 1,011 | 837 | 100.0% | 100.0% | | |

Source: *NRN* Research

**NRN* estimate

***Despite increased competition from fast feeders, family restaurants can expect to continue to flex their muscles at breakfast. Platters—particularly specialty burgers—continue to slip in the overall menu mix, but beverages and sandwiches have gained ground.***

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# CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

## *BEVERAGES: 19.5% OF 1984 SALES*

| Menu Items | Average Weekly Dollars per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* | Average Menu Prices 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Coffee** | $1,263 | $1,414 | 44.9% | 43.1% | 2,526 | 2,828 | 48.7% | 47.0% | $0.50 | $0.50 |
| **Carbonated Drinks** | 692 | 860 | 24.6 | 26.3 | 1,153 | 1,438 | 22.2 | 23.9 | 0.60 | 0.60 |
| **Milk** | 284 | 328 | 10.1 | 10.0 | 516 | 596 | 10.0 | 9.9 | 0.55 | 0.55 |
| **Juices** | 278 | 321 | 9.9 | 9.8 | 397 | 458 | 7.7 | 7.6 | 0.70 | 0.70 |
| **Tea** | 87 | 108 | 3.1 | 3.3 | 174 | 216 | 3.4 | 3.6 | 0.50 | 0.50 |
| **Iced Tea** | 121 | 144 | 4.3 | 4.4 | 242 | 288 | 4.7 | 4.8 | 0.50 | 0.50 |
| **Hot Chocolate** | 51 | 59 | 1.8 | 1.8 | 106 | 111 | 2.0 | 1.9 | 0.48 | 0.53 |
| **Other Beverages** | 36 | 43 | 1.3 | 1.3 | 66 | 78 | 1.3 | 1.3 | 0.55 | 0.55 |
| **Totals** | $2,812 | $3,280 | 100.0% | 100.0% | 5,180 | 6,013 | 100.0% | 100.0% | | |

Source: *NRN* Research

**NRN* estimate

## *SANDWICHES: 15.1% OF 1984 SALES*

| Menu Items | Average Weekly Dollars per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* | Average Menu Prices 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Specialty Burger** | $ 481 | $ 512 | 22.1% | 20.2% | 229 | 235 | 18.8% | 17.6% | $2.10 | $2.18 |
| **Plain Burger** | 339 | 409 | 15.6 | 16.1 | 234 | 273 | 19.3 | 20.4 | 1.45 | 1.50 |
| **Cheeseburger** | 285 | 340 | 13.1 | 13.4 | 184 | 200 | 15.1 | 14.9 | 1.55 | 1.70 |
| **Bacon/Lettuce/ Tomato** | 168 | 191 | 7.7 | 7.5 | 86 | 87 | 7.1 | 6.5 | 1.95 | 2.20 |
| **Grilled Cheese** | 130 | 153 | 6.0 | 6.0 | 84 | 93 | 6.9 | 7.0 | 1.55 | 1.65 |
| **Fish** | 205 | 245 | 9.4 | 9.6 | 100 | 114 | 8.2 | 8.5 | 2.05 | 2.15 |
| **Ham** | 133 | 156 | 6.1 | 6.1 | 62 | 68 | 5.1 | 5.1 | 2.15 | 2.30 |
| **Other Sandwiches** | 381 | 470 | 17.5 | 18.5 | 173 | 200 | 14.2 | 14.9 | 2.20 | 2.35 |
| **Frankfurters** | 54 | 65 | 2.5 | 2.6 | 64 | 68 | 5.3 | 5.1 | 0.85 | 0.95 |
| **Totals** | $2,176 | $2,541 | 100.0% | 100.0% | 1,216 | 1,338 | 100.0% | 100.0% | | |

Source: *NRN* Research

**NRN* estimate

## *DINNERS: 12.4% OF 1984 SALES*

| Menu Items | Average Weekly Dollar per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* | Average Menu Prices 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Steaks** | $ 438 | $ 406 | 19.8% | 19.4% | 70 | 65 | 14.6% | 15.4% | $6.25 | $6.25 |
| **Chicken** | 450 | 416 | 20.4 | 20.0 | 106 | 90 | 22.0 | 21.4 | 4.25 | 4.62 |
| **Chopped Steak** | 158 | 153 | 7.1 | 7.4 | 40 | 36 | 8.3 | 8.6 | 3.95 | 4.25 |
| **Roast Beef, Turkey** | 329 | 307 | 14.9 | 14.7 | 70 | 62 | 14.6 | 14.7 | 4.70 | 4.95 |
| **Shrimp** | 250 | 242 | 11.3 | 11.5 | 48 | 44 | 10.0 | 10.4 | 5.20 | 5.50 |
| **Other Seafood** | 406 | 394 | 18.4 | 18.9 | 99 | 82 | 20.5 | 19.5 | 4.10 | 4.80 |
| **Other Dinners** | 180 | 168 | 8.1 | 8.1 | 48 | 42 | 10.0 | 10.0 | 3.75 | 4.00 |
| **Totals** | $2,211 | $2,086 | 100.0% | 100.0% | 481 | 421 | 100.0% | 100.0% | | |

Source: *NRN* Research

**NRN* estimate

***After a dramatic increase in 1983, dinners have begun to slip as a percentage of overall sales, with only seafood and chopped steak showing any improvement. Soda, meanwhile, has rebounded as a beverage of choice, helping to boost overall beverage sales.***

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## CHAIN ANALYSIS/PART II: BURGERS

# *Low inflation rate, level food costs keep menu hikes down, margins up*

Burger chains, because of only a moderate rate of increase in food prices, have held the line again this year on menu hikes and concurrently reaped a $1,600-a-week average unit sales increase and a full percentage point gain in pretax margins to 10.4%.

Menu prices are up 4.2% over last year, but such increases are moderate when compared to the inflation-driven hikes of 8.9% in 1981 and 5.1% in 1982 that the segment sustained.

Some other things that may have given a push to burger business this year are, of course, heavier than ever advertising and measurable trading down by older, more affluent customers.

Advertising and promotion spending by the burger chains is up to 4.8% of sales. Last year the same companies spent 4.5% of their sales dollars for ad promo spending. In 1982 the level was 4.4%.

Demographic shifts are obviously affecting the burger segment, with the aging population influencing reformulated marketing efforts and determining, to some extent, the kinds of new products offered.

At the same time the burger chains are reporting that their customers not only are older but also have more cash to spend.

This year 39.5% of burger chain customers are in the $25,000-plus annual income category—a significant jump from last year's 36.3%. In 1982 only 33.2% of this group's customers fitted the $25,000-plus annual income category.

### Breakfast

Definitely important to the industry as a whole is the burger chains' apparent success at pulling in heretofore-neglected breakfast business.

Breakfast meals accounted for 14% of the total mix this year as such chains as Burger King and Arby's pressed hard to get into the fray with McDonald's and Hardee's.

Since the family restaurants' breakfast share is also building, it appears independents are losing ground in the battle for breakfast business.

## *INSIDE STATISTICS OF BURGER CHAINS*

| | 1982 | 1983 | 1984* |
|---|---|---|---|
| **Cost Profile** | | | |
| % Menu Price Changes | 5.1% | 3.8% | 4.2% |
| % Food Cost* | 2.9 | 1.5 | 4.5 |
| Labor Cost Increases | 3.8 | 3.6 | 3.4 |
| **Customer Profile** | | | |
| Age Distribution | | | |
| Under 25 Years Old | 24.3% | 27.1% | 24.7% |
| 25-49 Years Old | 56.6 | 52.7 | 53.5 |
| 50 Years Old + | 19.1 | 20.2 | 21.8 |
| Income Distribution | | | |
| Under $8,000 | 11.6% | 7.9% | 4.7% |
| $8,000-$14,999 | 23.2 | 22.8 | 20.1 |
| $15,000-$24,999 | 32.0 | 33.0 | 35.7 |
| $25,000 + | 33.2 | 36.3 | 39.5 |
| **Sales Percentage Breakdown** | | | |
| Breakfast | 10.7% | 12.1% | 14.0% |
| Lunch | 47.1 | 45.7 | 46.1 |
| Dinner/Supper | 36.9 | 37.4 | 37.5 |
| Other | 5.3 | 4.8 | 2.4 |

Source: *NRN* research

**NRN* estimate

*Due to wholesale price changes

## *OPERATING HIGHLIGHTS OF BURGER CHAINS*

| | 1983 | 1984* |
|---|---|---|
| **Food Sales** | 100.0% | 100.0% |
| **Food Cost** | 34.4 | 33.3 |
| **Supplies** | 4.0 | 4.0 |
| **Labor Cost, Benefits** | 24.5 | 24.0 |
| **Utilities** | 3.4 | 3.6 |
| **Advertising, Promotion** | 4.5 | 4.8 |
| **Administrative, General** | 6.1 | 6.0 |
| **Repairs, Maintenance** | 1.4 | 1.6 |
| **Rent, Property Tax, Insurance** | 8.0 | 8.0 |
| **Depreciation** | 2.5 | 2.8 |
| **Interest** | 1.8 | 1.5 |
| **Total** | 90.6 | 89.6 |
| **Pretax Profit** | 9.4 | 10.4 |

Source: *NRN* research

**NRN* estimate

## *SALES AT BURGER CHAINS*

| Menu Items | Average Weekly Dollar Sales per Restaurant 1983 | 1984* | Per Cent of Total Sales 1983 | 1984* | Average Number of Items Sold per Week 1983 | 1984* | Per Cent of Items Sold 1983 | 1984* | Average Menu Prices 1983 | 1984* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Principal Specialty Burger** | $ 1,833 | $ 1,772 | 12.0 | 10.5 | 1,282 | 1,181 | 8.1 | 7.3 | $1.43 | 1.50 |
| **Principal Specialty Burger With Cheese** | 1,283 | 1,350 | 8.4 | 8.0 | 828 | 818 | 5.2 | 5.1 | 1.55 | 1.65 |
| **Hamburger, All Other, Plain** | 1,359 | 1,553 | 8.9 | 9.2 | 1,235 | 1,350 | 7.8 | 8.4 | 1.10 | 1.15 |
| **Cheeseburger, All Other, Plain** | 1,054 | 1,199 | 6.9 | 7.1 | 850 | 922 | 5.4 | 5.7 | 1.24 | 1.30 |
| **Chicken** | 1,192 | 1,350 | 7.8 | 8.0 | 596 | 628 | 3.7 | 3.9 | 2.00 | 2.15 |
| **Fish Sandwich** | 336 | 421 | 2.2 | 2.5 | 280 | 301 | 1.8 | 1.9 | 1.20 | 1.40 |
| **Other Sandwiches** | 626 | 726 | 4.1 | 4.3 | 348 | 382 | 2.2 | 2.4 | 1.80 | 1.90 |
| **Combination Platter** | 765 | 759 | 5.0 | 4.5 | 306 | 292 | 1.9 | 1.8 | 2.50 | 2.60 |
| **French Fries** | 1,848 | 1,924 | 12.1 | 11.4 | 2,843 | 2,788 | 17.9 | 17.3 | 0.65 | 0.69 |
| **Carbonated Beverages** | 2,001 | 2,397 | 13.1 | 14.2 | 3,638 | 3,687 | 22.9 | 22.8 | 0.55 | 0.65 |
| **Milk** | 46 | 51 | 0.3 | 0.3 | 121 | 119 | 0.8 | 0.7 | 0.38 | 0.43 |
| **Coffee** | 367 | 422 | 2.4 | 2.5 | 918 | 938 | 5.8 | 5.8 | 0.40 | 0.45 |
| **Milkshakes** | 504 | 523 | 3.3 | 3.1 | 720 | 697 | 4.5 | 4.3 | 0.70 | 0.75 |
| **Desserts** | 336 | 338 | 2.2 | 2.0 | 560 | 520 | 3.5 | 3.2 | 0.60 | 0.65 |
| **Breakfast Items** | 1,650 | 2,009 | 10.8 | 11.9 | 1,269 | 1,435 | 8.0 | 8.9 | 1.30 | 1.40 |
| **Other Items** | 76 | 84 | 0.5 | 0.5 | 86 | 91 | 0.5 | 0.5 | 0.88 | 0.92 |
| **Totals** | $15,276 | $16,878 | 100.0 | 100.0 | 15,880 | 16,149 | 100.0 | 100.0 | | |

Source: *NRN* Research

**NRN* estimate

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INTERNATIONAL MARKETS

***Turning the corner to profits—Pp. 31-43***

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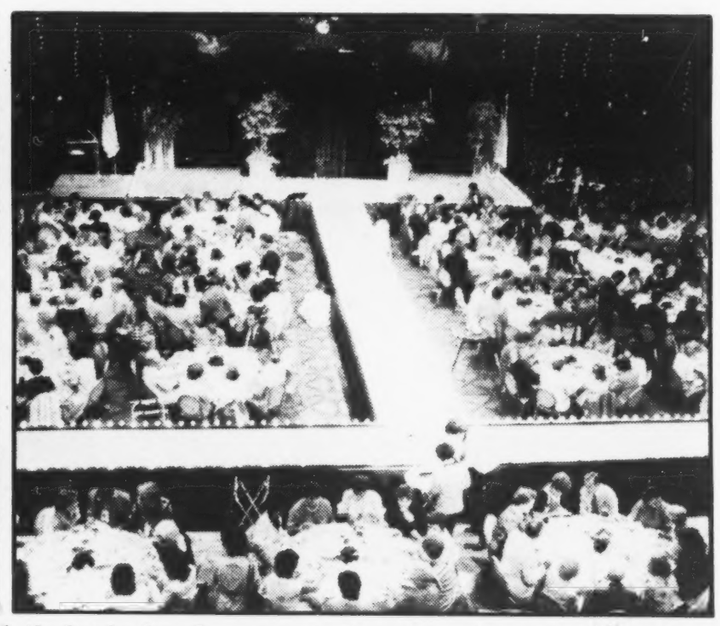


**Events such as a Mexican Food Tasting Festival (left) helped promote local restaurants during the convention; major hotels such as the Fairmont (right) hosted banquets.**

## Dallas restaurants stem tide of recent special event losses

**By Marilee Hartley**

DALLAS — Aware of the drain on business that attended other special events this summer, restaurateurs here took the bull by the horns during the Republican. National Convention last month.

Employing unusual marketing techniques, they were able to reap benefits denied their counterparts in San Francisco (Democratic Convention), Los Angeles (Summer Olympics) and New Orleans (World's Fair).

Special food-tasting events and parties aimed at conventioneers and out-of-town journalists helped increase sales 20% to 30% at dozens of establishments in or near the downtown area.

In addition, 36 chains and independents joined in cooperative newspaper ads reminding their regular patrons that delegates would be in sessions during the normal dinner hours and inviting them to take advantage of the lull for a leisurely meal out.

In outlying areas many restaurateurs said it was business as usual, but without the loss of regulars experienced in other cities during special events.

*(Continued on page 92)*

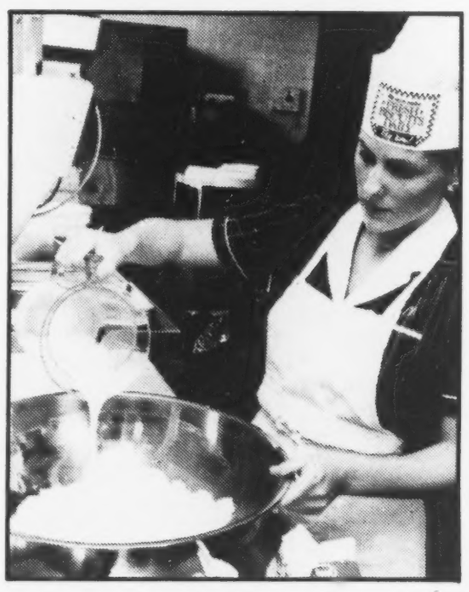
*Tests two new burgers*

## McD rolls McBiscuits northward

OAK BROOK, Ill. — After a summer of triumph and tragedy, McDonald's certainly deserves a break—but it isn't taking one.

Instead, the chain is moving to fend off competition at breakfast by adding biscuits in New England; trying to capitalize on current food trends by testing two new burgers; increasing its already huge TV ad spending, and developing unconventional sites on Navy bases and at a roadside travelers' service center.

Premise-made breakfast biscuits, which replaced frozen biscuits earlier this year at 2,000 units in the South, are being tested at 200 McDonald's restaurants in New England in what may be a prelude to a national rollout. This is the first time McDonald's is selling biscuits outside the South.



**Premise-made biscuits, available in 2,000 units in the South, are now being tested in 200 in New England.**

Two new burgers—one a fancy patty weighing ⅓ lb. before cooking and called a Cheddar Melt and the other a reduced-calorie version of the Big Mac that is named, appropriately enough, the Lite Mac—are being tested at a handful of units in scattered markets. Arby's, Wendy's, Burger King and other fast-food chains are also testing large burgers.

Meanwhile the chain is building a 6,000-sq.-ft. restaurant, about twice the size of a typical McDonald's, at a multiuse complex dubbed McStop in

*(Continued on page 92)*

## *Texas scene of dramatic American cuisine shifts*

**By Susan Spedalle**

DALLAS — Deep in the heart of the Lone Star State, restaurant entrepreneurs and talented chefs are creating culinary trends whose influence cannot be contained in a state even as big as Texas.

Those who will attend the MUFSO '84 convention, to be held later this month in Dallas, and other visitors to Texas will find that the mesquite grilling, barbecue and Tex-Mex operations that made this area famous are still going strong. In fact, menus ranging from tortillas and fajitas to more sophisticated fare can now be found in many cities besides Dallas and Houston. (A special section on Texas Food Trends begins on page 56.)

But having laid their claim to fame with stick-to-the-ribs fare, Texan chefs went right ahead and developed a new twist on American cuisine—sophisticated nouvelle Southwestern food. By using indigenous ingredients and the techniques of French and Mexican cooking, a new crop of young chefs are serving game, black beans, tortillas and even tequila-soaked limes in entrées with $15 to $20 price tags.

The fact is that the new Southwestern cuisine with its barbecuing, smoking and hot chili sauces would not have made it today if the pillars of this state's restaurant society had not inspired the latest generation of chefs.

It was because of people like Sonny Bryan that the craze for sauced and smoked meats spread far and wide. The late Francis X. Tolbert, in his unending search for the perfect chili, did as much as the summer heat to stir up impassioned arguments over the contents of a "bowl of red."

And 15 years ago, when Ninfa Laurenzo was still wearing an apron and her sons were dishing up Mama's Mexican home cooking, no one in or out of the state of Texas had yet dreamed of the

*(Continued on page 92)*

## *Shoney's marching on Marriott's market*

**By Don Jeffrey**

NEW YORK — Shoney's and Marriott's Big Boy are heading for a fierce market-share battle in the family restaurant segment now that Shoney's has seceded from the Big Boy system.

Appearing at a recent meeting of New York securities analysts, Shoney's president Gary Spoleta disclosed plans for eventual nationwide expansion of the company's family restaurant division. Larger units are being built, and new territories are being granted to eager franchisees, he said.

Spoleta also said that Marriott's Big Boy chain would be in "a great deal of difficulty unless serious, substantial changes are made." He refused to elaborate.

Contacted later, Marriott vice president Edward Doherty said he would disclose on Oct. 1 the new refranchising and marketing plans for the 853-unit Big Boy chain. Doherty earlier had expressed the "highest regard" for Shoney's operations, but he said he believed one reason for Shoney's success has been a lack of serious competition. "I think there's room for both of us," he added.

Marriott plans to open Bob's Big Boy restaurants in the 11 states it once franchised to Shoney's. Spoleta, meanwhile, said that Shoney's will move slowly from its Southeastern base into Florida, Texas, Okla-

*(Continued on page 92)*

## *LATE NEWSBREAKS*

**Thomas J. Russo has resigned as president of the Howard Johnson restaurant group (Ground Rounds, Howard Johnson restaurants and some lodges, turnpike and manufacturing divisions) after 21 years with the company. G. Michael Hostage, chairman and president, said Russo would not be replaced and that his duties would be divided among various executives.**

**A Senate subcommittee has called for the ouster of Hotel Employees and Restaurant Employees International president Edward T. Hanley and six other union leaders who refused to answer congressional questions about the union's alleged links to organized crime.**

**John Long, 38, has been named president of Brock Hotels' Unique Concepts Corp., which was created to convert more than 30 poorly performing ShowBiz Pizza units to "adult watering holes."**

## Smith resigns as Steak & Ale chairman

**By Charles Bernstein**

DALLAS — Saying that "there's a void in the entrepreneurial flame at this stage of my career," Hal W. Smith has resigned as S&A Restaurants' chairman and chief executive just a year after moving up to succeed Norman Brinker, 52, in the post. Brinker himself left the Pillsbury empire for a new "entrepreneurial" opportunity.

Smith's departure immediately fueled speculation that he might become a franchisee of Chili's, which has been moving rapidly in the gourmet-burger wars under Brinker as chairman and Larry Lavine as founder-president. A number of former S&A executives are now with Brinker, including former Bennigan's executives Chris Sullivan and Robert Basham, Chili's joint venture partners, and Ron McDougall, Chili's marketing executive vice president.

Smith declined to confirm he has had any offer from Chili's, saying only, "I have a few entrepreneurial options now in this industry. After 13 years at S&A, I felt that at age 38 it was time for me to try something in less of a large corporate environment."

*(Continued on page 92)*

**Hal Smith**

# FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

**46** Gainers
**19** Unchanged
Losers **32**

## Volume leaders

| Company Name | The Week's volume |
|---|---|
| Diversifoods | 15,873 |
| PepsiCo Inc | 12,584 |
| Am Motor Inns | 11,089 |
| Chi – Chi's | 8,288 |
| McDonald's Cp | 7,588 |

## Top five gainers

| Company Name | The Week's Volume | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| Capt Crab Inc | 3,720 | 2.75 | + 37.5 |
| Kelly – Johnston | 1,981 | 5.00 | + 29.0 |
| Primo Inc | 403 | 3.38 | + 22.7 |
| Servico Inc | 123 | 22.00 | + 15.8 |
| SIS Cp | 35 | 5.75 | + 15.0 |

## Top five losers

| Company Name | The Week's Volume | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| Victoria Stations | 704 | 5.00 | – 24.5 |
| Fast Food Oper | 717 | 1.25 | – 23.1 |
| 1 Potato 2 | 37 | 6.38 | – 15.0 |
| Peoples Rest | 1,014 | 1.50 | – 14.3 |
| Good Taco | 174 | 2.63 | – 12.5 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended 8/22/84 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 5.38 | 5.13 | 5.38 | .38 | 7.50 | 8.75 | 4.00 | .10 | .53 | -6.79 | 1.09 | .40 | .39 | S | NC | 6.0 | 4.3 | 13.8 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.63 | 4.50 | 4.50 | -.13 | -2.70 | 7.00 | 3.88 | -.28 | -.46 | 2.37 | 32.50 | -2.05 | -1.90 | S | -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Alleghy Bev | ABEV | 16.50 | 15.50 | 16.38 | .75 | 4.80 | 18.75 | 13.19 | -.27 | -.44 | 1.04 | -42.09 | 1.67 | .18 | Q | 12.0 | 39.0 | 2.1 | 9.7 | .40 | 2.4 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 19.75 | 19.00 | 19.75 | .75 | 3.95 | 19.75 | 12.50 | .92 | .34 | 6.32 | 52.11 | 1.26 | .01 | S | .8 | 34.0 | 8.6 | 17.3 | .15 | .8 | 05-21-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 53.50 | 50.00 | 51.00 | .75 | 1.49 | 55.75 | 40.25 | -.60 | -.62 | -7.28 | -19.85 | 4.37 | 1.11 | N | 28.9 | -1.0 | 1.7 | 10.3 | 2.10 | 4.1 | 08-27-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 11.88 | 10.88 | 11.75 | .00 | .00 | 17.50 | 10.50 | -.80 | .77 | -3.23 | -5.70 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 13.7 | .12 | 1.0 | 06-05-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.13 | 2.88 | 3.13 | .13 | 4.17 | 7.13 | 2.63 | -.25 | 1.25 | -5.57 | 19.11 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 17.50 | 17.00 | 17.38 | .13 | .72 | 24.25 | 14.75 | -.17 | -.65 | 1.71 | -38.89 | .98 | .09 | F | 10.1 | 16.0 | 8.0 | 17.7 | .30 | 1.7 | 08-06-84 | 201.7 | 16.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 4.88 | 4.25 | 4.50 | -.38 | -7.69 | 8.50 | 4.25 | -.60 | -1.65 | 5.02 | -20.24 | .17 | -.01 | Q | NC | -14.0 | .7 | NE | .10 | 2.2 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calibre Cp | CLBR | 4.50 | 4.00 | 4.00 | -.25 | -5.88 | 11.00 | 3.25 | -.44 | -3.29 | -1.51 | -16.29 | .07 | -.20 | S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 | 0783 |
| Calny Food | CLNY | 9.25 | 8.75 | 9.25 | .50 | 5.71 | 10.75 | 7.25 | -.55 | .31 | -5.58 | 6.62 | .52 | .13 | Q | 27.6 | 6.0 | 4.8 | 15.4 | .16 | 1.7 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 | 0284 |
| Capt Crab Inc | CRAB | 2.88 | 1.88 | 2.75 | .75 | 37.50 | 8.38 | 1.63 | .11 | .25 | 4.46 | 11.74 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 9.00 | 8.38 | 8.63 | .00 | .00 | 11.88 | 7.13 | -.43 | -.79 | .64 | 10.14 | .50 | .26 | Q | 83.8 | 99.0 | 3.7 | 15.1 | .05 | .6 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 17.63 | 16.00 | 17.50 | .75 | 4.48 | 29.00 | 12.50 | .29 | 1.16 | -3.58 | 6.99 | .66 | .26 | F | 65.0 | 121.0 | 10.3 | 26.5 | .00 | .0 | 09-28-83 | 161.7 | 16.7 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 19.75 | 18.25 | 19.75 | 1.50 | 8.22 | 19.75 | 12.75 | .65 | .66 | -.48 | 7.86 | .29 | .17 | N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 | 0683 |
| Ch Full O Nut | CHF | 10.38 | 9.75 | 10.00 | .13 | 1.27 | 20.28 | 8.50 | -.13 | -.27 | -6.35 | 9.77 | .62 | -.18 | N | -32.7 | -6.0 | 2.9 | 27.0 | .48 | 4.8 | 06-29-84 | 111.6 | 3.2 | 2.9 | .33 | 6.50 | 0783 |
| Churchs Fr Ch | CHU | 29.88 | 27.13 | 28.75 | 1.00 | 3.60 | 32.50 | 21.25 | -.13 | .63 | 2.82 | 18.93 | 1.66 | -.62 | Q | -28.0 | .0 | 6.8 | 18.1 | .80 | 2.8 | 07-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 23.25 | 20.88 | 23.00 | 1.25 | 5.75 | 23.25 | 14.88 | .46 | 1.03 | 5.15 | 10.96 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 13.5 | .20 | .9 | 06-21-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 15.75 | 15.75 | 15.75 | .00 | .00 | 17.69 | 11.63 | -.59 | -.54 | -12.89 | -37.76 | .06 | .46 | S | NC | 86.0 | 1.3 | 34.2 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 9.25 | 8.38 | 8.50 | -1.00 | -10.53 | 18.75 | 7.50 | -1.21 | -1.66 | -1.05 | -14.55 | .32 | .06 | F | 23.0 | 35.0 | 2.2 | 26.6 | .00 | .0 | 00-00-00 | 63.7 | 1.4 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 23.50 | 22.25 | 22.25 | -1.00 | -4.30 | 25.75 | 15.75 | .30 | -1.63 | 1.84 | -14.84 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 23.9 | .14 | .6 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Cucos Inc | CUCO | 4.00 | 4.00 | 4.00 | .00 | .00 | 5.00 | 3.50 | -.65 | -.51 | 2.75 | -66.67 | .19 | .19 | F | NC | NC | 8.3 | 21.1 | .00 | .0 | 00-00-00 | 2.4 | .2 | .7 | 20.00 | 50.00 | 0683 |
| Denny's Inc | DEN | 39.50 | 38.50 | 39.38 | .75 | 1.94 | 41.38 | 29.00 | -.53 | -.32 | 2.98 | -39.59 | 2.54 | .26 | N | 10.3 | 12.0 | 3.8 | 14.2 | .72 | 1.8 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 58.88 | 54.75 | 56.50 | .50 | .89 | 68.50 | 45.25 | -.06 | -.90 | -6.08 | -12.35 | 2.70 | .21 | N | 7.3 | -3.0 | 7.1 | 18.5 | 1.20 | 2.1 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Diversifoods | DFDI | 13.75 | 11.75 | 12.75 | -1.00 | -7.27 | 21.88 | 10.50 | .23 | -.79 | 1.31 | 33.05 | .99 | -.13 | S | -11.7 | 63.0 | 6.8 | 13.0 | .17 | 1.3 | 06-22-84 | 484.3 | 32.9 | 1.1 | 2.68 | 5.48 | 1283 |
| Dunkin Donuts | DUNK | 25.00 | 23.38 | 25.00 | -.38 | -1.48 | 26.25 | 18.13 | .09 | .56 | 2.04 | 32.86 | 1.62 | .23 | S | 15.1 | 24.0 | 10.2 | 14.3 | .32 | 1.3 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 13.25 | 11.88 | 12.63 | .00 | .00 | 13.38 | 9.00 | .57 | -.59 | .25 | 29.09 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Esteban Foods | ESTB | 2.13 | 1.75 | 2.13 | .25 | 13.33 | 5.00 | 1.75 | -.93 | 1.00 | 3.12 | -1.83 | .09 | .31 | F | NE | -57.0 | 1.9 | 23.6 | .00 | .0 | 00-00-00 | 10.3 | .2 | 1.3 | .73 | .81 | 1283 |
| Frisch's | FRS | 32.38 | 31.25 | 31.75 | .00 | .00 | 32.94 | 22.84 | -.15 | -.62 | .64 | -37.72 | 2.21 | .29 | F | 15.1 | 22.0 | 4.0 | 14.4 | .40 | 1.3 | 06-27-84 | 124.0 | 4.9 | 1.3 | 5.73 | 14.56 | 0583 |
| Fuddruckers Inc | FUDD | 12.50 | 11.38 | 12.50 | .88 | 7.53 | 17.50 | 9.25 | .03 | 1.57 | -.44 | 22.79 | .06 | .02 | Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 | 1283 |
| Garcias Scot | GMEX | 4.63 | 4.25 | 4.50 | -.13 | -2.70 | 10.88 | 4.00 | -.71 | -.46 | -.86 | 30.55 | -.48 | -.09 | Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 54.88 | 53.13 | 54.50 | .00 | .00 | 57.00 | 41.63 | -.29 | -.04 | -.83 | -17.00 | 4.98 | .09 | F | 1.8 | 15.0 | 4.2 | 10.9 | 2.24 | 4.1 | 07-03-84 | 5600.8 | 233.4 | 1.2 | 9.71 | 25.68 | 0583 |
| Good Taco | TACO | 3.13 | 2.63 | 2.63 | -.38 | -12.50 | 7.38 | 1.50 | -.37 | -3.49 | -1.91 | 3.10 | -.72 | -.39 | Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 | 0284 |
| Hambrg Hamlet | HAMB | 10.75 | 10.75 | 10.75 | -.25 | -2.27 | 12.00 | 9.50 | -.63 | -.51 | 1.83 | 33.33 | 1.54 | 2.64 | F | NE | -14.0 | 3.1 | 7.0 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 52.13 | 49.75 | 50.25 | -1.75 | -3.37 | 59.50 | 45.50 | -.13 | -1.10 | 5.06 | 3.44 | 3.20 | .30 | S | 10.2 | -1.0 | 14.0 | 15.5 | 1.80 | 3.6 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 | 1283 |
| Holiday Inns | HIA | 44.88 | 42.63 | 42.88 | -2.13 | -4.72 | 57.25 | 37.25 | .21 | -.81 | -.61 | 8.66 | 3.28 | .41 | S | 14.1 | 12.0 | 7.8 | 13.0 | .90 | 2.1 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 14.88 | 13.00 | 13.38 | -1.25 | -8.55 | 26.63 | 10.72 | -.41 | -1.03 | -1.11 | 20.08 | 1.09 | .35 | Q | 46.6 | 71.0 | 4.0 | 12.2 | .00 | .0 | 08-15-84 | 339.7 | 13.5 | 1.1 | 3.01 | 7.81 | 1283 |
| Hungry Tiger | HTIG | 6.00 | 5.50 | 5.50 | -.75 | -12.00 | 10.75 | 4.25 | .47 | -.56 | -2.17 | -2.78 | .00 | -.78 | N | -130.0 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 39.50 | 39.50 | .00 | .00 | 40.00 | 29.50 | -.46 | -.51 | -2.49 | -51.27 | 2.94 | .70 | S | 27.6 | 54.0 | 6.2 | 12.2 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 19.00 | 18.00 | 18.75 | .25 | 1.35 | 23.00 | 12.50 | .50 | -.13 | 5.81 | 28.91 | 1.40 | .48 | F | 52.1 | 74.0 | 4.9 | 13.4 | .00 | .0 | 08-15-83 | 78.2 | 3.8 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 15.38 | 13.75 | 15.38 | 1.63 | 11.82 | 17.00 | 10.38 | .47 | .78 | 4.17 | 39.07 | 1.00 | .07 | N | 6.7 | 20.0 | 4.1 | 13.9 | .20 | 1.3 | 05-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 17.13 | 16.63 | 17.00 | .13 | .74 | 20.63 | 11.88 | .25 | -.28 | 1.13 | 10.88 | 1.28 | -.05 | F | -3.7 | 11.0 | 4.1 | 13.3 | .12 | .7 | 05-07-84 | 496.5 | 20.4 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 3.13 | 2.88 | 2.88 | -.13 | -4.17 | 8.63 | 2.88 | -.73 | -2.15 | -4.77 | -28.38 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 5.00 | 2.63 | 5.00 | 1.13 | 29.03 | 17.50 | 2.63 | -1.11 | 12.54 | 4.74 | -5.91 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 50.0 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 28.00 | 26.75 | 27.75 | .25 | .91 | 43.75 | 18.75 | -.05 | -.62 | 1.78 | 42.36 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 18.1 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 39.25 | 37.13 | 38.63 | .88 | 2.32 | 39.75 | 31.50 | .20 | -.18 | 4.16 | 16.22 | 1.53 | .31 | N | 20.9 | 27.0 | 9.8 | 21.6 | .60 | 1.6 | 06-04-84 | 141.4 | 13.9 | 1.6 | .60 | 7.80 | 0883 |
| Marcus Corp | MRCS | 14.50 | 14.00 | 14.50 | .50 | 3.57 | 14.88 | 11.38 | .28 | -.17 | -4.55 | -37.37 | 1.28 | .13 | N | 10.6 | 6.0 | 6.1 | 10.7 | .28 | 1.9 | 07-10-84 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 76.25 | 73.50 | 75.50 | 1.50 | 2.03 | 77.25 | 58.50 | .09 | -.08 | -.17 | 10.21 | 4.15 | .80 | S | 21.5 | 30.0 | 3.8 | 16.7 | .44 | .6 | 09-17-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 | 1283 |
| Maverick Rest | MAVR | 6.25 | 6.00 | 6.00 | -.25 | -4.00 | 7.00 | 4.13 | .25 | -1.19 | 6.47 | -5.77 | .13 | .15 | Q | NC | 98.0 | 9.5 | 40.0 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 | 0184 |
| McDonald's Cp | MCD | 80.75 | 78.13 | 79.00 | .25 | .32 | 80.75 | 57.38 | .17 | -.62 | 1.35 | -2.94 | 5.74 | .78 | Q | 15.2 | 23.0 | 11.2 | 13.4 | 1.16 | 1.5 | 07-24-84 | 3062.9 | 342.6 | .0 | .00 | .00 | 1283 |
| Morrison Inc | MORR | 18.25 | 17.88 | 18.13 | .13 | .69 | 20.75 | 13.13 | -.09 | -.15 | -2.26 | 5.76 | 1.34 | .14 | N | 10.9 | 13.0 | 4.5 | 12.8 | .40 | 2.2 | 07-16-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.13 | 2.00 | 2.13 | .00 | .00 | 3.47 | 1.88 | -.07 | 1.00 | -.45 | 57.16 | .15 | .10 | N | NE | -33.0 | 1.1 | NE | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.50 | 2.25 | 2.50 | .13 | 5.26 | 3.63 | 1.88 | -.02 | 1.93 | 1.09 | 39.13 | .20 | .17 | Q | 170.0 | 38.0 | 2.0 | 9.3 | .00 | .0 | 09-09-83 | 20.0 | .4 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.25 | 8.63 | 9.25 | -.13 | -1.33 | 21.75 | 7.25 | -.04 | -.41 | 1.88 | -25.71 | -1.09 | -1.79 | F | -255.7 | -31.0 | -4.4 | NE | .00 | .0 | 11-01-82 | 114.8 | -5.1 | .8 | 6.57 | 4.96 | 0683 |
| 1 Potato 2 | SPUD | 7.50 | 6.25 | 6.38 | -1.13 | -15.00 | 12.50 | 6.25 | -1.20 | -2.56 | -1.31 | -44.44 | .05 | .73 | F | NE | NC | 1.1 | NM | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 | 0284 |
| Ogden Corp | OG | 30.25 | 27.63 | 29.50 | .63 | 2.16 | 34.38 | 24.50 | -.24 | .81 | .42 | 20.67 | 2.64 | .60 | Q | 30.1 | -8.0 | 3.0 | 11.4 | 1.80 | 6.1 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Old Fashion Fd | OFFI | 5.00 | 4.75 | 5.00 | .00 | .00 | 9.00 | 4.75 | -1.02 | .50 | .34 | 17.86 | .60 | .12 | N | 22.2 | 25.0 | 6.3 | 7.6 | .00 | .0 | 00-00-00 | 9.5 | .6 | 1.7 | 3.01 | 3.01 | 0583 |
| Pancho Mex Buffet | PAMX | 8.00 | 7.75 | 8.00 | .00 | .00 | 8.88 | 5.88 | .41 | -.34 | 2.27 | 25.18 | .43 | .12 | N | 29.2 | 61.0 | 4.8 | 15.1 | .10 | 1.3 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 1.63 | 1.38 | 1.50 | -.25 | -14.29 | 13.00 | 1.25 | -.76 | -.70 | -.89 | 26.29 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 45.00 | 42.25 | 44.00 | 1.25 | 2.92 | 45.00 | 32.63 | -.21 | -.02 | .44 | 6.86 | 3.01 | .17 | Q | 5.7 | 3.0 | 4.0 | 14.1 | 1.68 | 3.8 | 06-04-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 | 1283 |
| Piccadilly Caf | PICC | 24.25 | 22.75 | 23.13 | -.75 | -3.14 | 24.25 | 12.75 | -.26 | -.62 | -.81 | 17.26 | .99 | .05 | N | 4.6 | 5.0 | 3.9 | 20.5 | .60 | 2.6 | 09-10-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 40.38 | 38.25 | 39.63 | .88 | 2.26 | 41.50 | 30.75 | -.06 | .07 | -4.06 | -17.08 | 3.29 | .96 | N | 32.6 | 13.0 | 3.9 | 10.2 | 1.40 | 3.5 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 11.88 | 10.63 | 11.38 | -.25 | -2.15 | 15.75 | 8.38 | -.08 | .09 | -.11 | -.85 | 1.14 | .23 | S | 25.8 | 28.0 | 2.5 | 10.2 | .08 | .7 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 16.13 | 15.63 | 15.88 | -.25 | -1.55 | 16.75 | 12.63 | .04 | -.13 | 3.53 | 39.58 | .37 | .63 | N | NC | 9.0 | 1.9 | 25.2 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 19.38 | 17.88 | 19.13 | .13 | .66 | 24.88 | 16.88 | -.67 | 1.23 | 3.56 | 13.81 | 1.51 | .15 | Q | 9.7 | -2.0 | 2.8 | 11.3 | .40 | 2.1 | 06-06-84 | 429.1 | 12.1 | .8 | 8.03 | 12.43 | 0283 |
| Prime Mtr Inn | PDQ | 25.25 | 24.00 | 24.63 | .38 | 1.55 | 25.50 | 16.00 | .58 | -.61 | 4.09 | 10.06 | .99 | .20 | S | 22.4 | 69.0 | 25.4 | 22.6 | .12 | .5 | 06-29-84 | 50.0 | 12.7 | 6.9 | 4.83 | 5.90 | 0683 |
| Primo Inc | PRMO | 3.38 | 2.75 | 3.38 | .63 | 22.73 | 7.00 | 2.38 | .48 | 5.25 | 2.28 | -10.79 | .11 | .11 | S | NC | 113.0 | 11.5 | 30.7 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 | 0983 |
| Ramada Inns | RAM | 7.50 | 6.13 | 6.50 | -.38 | -5.45 | 11.63 | 5.63 | -.11 | -1.47 | -1.87 | -35.31 | .13 | 1.48 | Q | NE | -18.0 | .7 | 11.6 | .00 | .0 | 10-19-81 | 573.8 | 4.2 | .6 | 18.50 | 5.12 | 1282 |
| Rax Restaurants | RAXR | 16.00 | 14.50 | 15.50 | -.50 | -3.13 | 21.50 | 12.50 | -.23 | 1.32 | 3.09 | 3.45 | .57 | .63 | Q | NC | 57.0 | 3.8 | 24.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Rest Assoc | RA | 8.25 | 7.88 | 8.00 | .25 | 3.23 | 9.50 | 6.50 | -.41 | -.39 | 1.05 | 14.32 | .88 | .17 | Q | 25.0 | 23.0 | 1.9 | 9.4 | .00 | .0 | 00-00-00 | 118.8 | 2.2 | 1.0 | 6.40 | 8.21 | 1283 |
| Rest Systems | RSYS | 14.25 | 13.25 | 14.00 | .00 | .00 | 14.25 | 9.00 | .17 | -1.03 | -1.39 | -11.47 | .72 | .75 | Q | NC | 19.0 | 4.7 | 18.7 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 5.75 | 5.25 | 5.75 | .00 | .00 | 12.75 | 3.50 | .89 | .37 | -9.73 | -23.71 | -.17 | -.11 | S | NE | -56.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Ryans Fam Steak | RYAN | 22.50 | 21.50 | 22.50 | 1.00 | 4.65 | 26.75 | 15.50 | .17 | -.15 | -.04 | -2.83 | .52 | .27 | S | 71.0 | 59.0 | 10.8 | 34.6 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 35.00 | 32.63 | 33.50 | .00 | .00 | 36.25 | 24.63 | .28 | -.17 | 3.58 | -5.73 | 2.10 | .52 | S | 29.7 | 64.0 | 2.3 | 14.8 | .44 | 1.3 | 08-20-84 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 8.75 | 8.25 | 8.75 | .75 | 9.38 | 14.25 | 6.75 | .31 | -.51 | 3.76 | -57.73 | .55 | -.15 | F | -21.4 | 7.0 | 2.7 | 15.9 | .00 | .0 | 00-00-00 | 25.6 | .7 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 9.25 | 8.50 | 9.00 | .00 | .00 | 13.25 | 7.50 | -.50 | .46 | 5.92 | 2.83 | .23 | .86 | S | 600.0 | 20.0 | 1.2 | 10.3 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 22.00 | 19.00 | 22.00 | 3.00 | 15.79 | 24.50 | 13.50 | -.34 | .88 | -7.77 | -38.63 | 1.19 | .89 | S | 156.1 | 19.0 | 2.5 | 15.1 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 | 1283 |
| Shoney's Inc | SHON | 33.50 | 32.38 | 32.75 | -.63 | -1.87 | 33.50 | 20.00 | .46 | -.94 | -1.40 | 14.72 | 1.17 | .28 | S | 27.4 | 34.0 | 6.0 | 25.2 | .16 | .5 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoneys South | SHNS | 20.63 | 19.25 | 20.50 | 1.00 | 5.13 | 20.63 | 13.75 | .43 | -.37 | 5.96 | 37.68 | 1.24 | .44 | S | 45.3 | 33.0 | 3.5 | 14.5 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| SIS Cp | SISB | 5.75 | 5.00 | 5.75 | .75 | 15.00 | 11.50 | 5.00 | -.87 | -.19 | -1.09 | -32.20 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 41.1 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 | 1283 |
| Sizzler Rest Intl | SIZZ | 17.75 | 15.50 | 17.50 | 1.25 | 7.69 | 17.75 | 8.75 | 1.12 | .65 | 9.69 | -17.67 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 16.8 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 9.75 | 9.00 | 9.63 | .13 | 1.32 | 13.25 | 8.00 | -.41 | -.29 | 2.55 | -5.03 | .81 | -.01 | S | -1.2 | 24.0 | 4.0 | 12.2 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| Sonesta Hotel | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 22.00 | 16.50 | -.45 | -.52 | 9.99 | .00 | 1.02 | -.94 | Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 | 1283 |
| Transworld | TW | 31.00 | 29.50 | 29.88 | -.25 | -.83 | 33.53 | 19.19 | .19 | -.35 | 1.20 | -25.11 | 1.30 | 5.38 | S | 538.0 | 77.0 | 3.2 | 4.7 | .40 | 1.3 | 08-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 | 1283 |
| Vicorp Restaurants | VRES | 19.88 | 19.25 | 19.50 | -.25 | -1.27 | 22.00 | 12.88 | .54 | -.75 | 3.72 | -19.36 | .85 | .41 | S | 65.0 | 57.0 | 5.1 | 18.8 | .12 | .6 | 03-23-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 | 1083 |
| Victoria Stations | VSTA | 6.50 | 5.00 | 5.00 | -1.63 | -24.53 | 9.63 | 5.00 | -1.09 | -5.39 | 3.47 | 3.46 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Vie De France | VDEF | 15.25 | 14.38 | 15.25 | .88 | 6.09 | 15.25 | 10.50 | .69 | .16 | 1.70 | 28.38 | .47 | .47 | F | NC | 126.0 | 10.0 | 32.4 | .11 | .7 | 06-11-84 | 43.1 | 4.3 | 1.2 | .18 | 1.08 | 0683 |
| Wendys Intl | WEN | 20.25 | 19.63 | 19.88 | .13 | .63 | 20.50 | 11.16 | .19 | -.52 | -.92 | -1.16 | 1.01 | .27 | S | 30.3 | 22.0 | 7.7 | 17.1 | .24 | 1.2 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Wstn Steer | WSMP | 11.00 | 10.50 | 10.50 | -.50 | -4.55 | 13.50 | 9.00 | -.85 | -.71 | 1.79 | 16.67 | 1.02 | .07 | Q | 7.1 | 4.0 | 3.3 | 10.0 | .16 | 1.5 | 06-05-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 | 0284 |
| Winners Cp | WNR | 11.88 | 11.38 | 11.50 | -.13 | -1.08 | 16.25 | 7.75 | .32 | .00 | -1.22 | 13.44 | .63 | -.06 | Q | -9.2 | 12.0 | 3.3 | 19.5 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | 1.2 | 10.20 | 7.31 | 1283 |

**Footnotes:**
NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

## FINANCIAL NEWS

***First loss in its 16-year history***

# Red Lobster leads 53% decline at Gen. Mills restaurant group

MINNEAPOLIS — After writing off $32.7 million to close 34 Red Lobster and 20 York Steak House restaurants in the fiscal year ended May 27, the General Mills restaurant group posted $37.3 million in pretax profit, a 53% drop from the year before.

Tax benefits, however, softened the blow. The five-chain, 600-restaurant division showed aftertax profit of $54.4 million, a 32% decline.

The declines were the first in the Orlando, Fla.-based group's 16-year history. The results had been expected since February, when restaurant executives began saying privately they expected a 10% setback.

Without the one-time write-offs, pretax profit in the restaurant group would have been $70 million, a 13% decline.

General Mills said the profit falloff was caused by lower customer counts and earnings at the flagship Red Lobster seafood dinnerhouse chain.

Red Lobster, which finished the year with a net gain of seven units to 367, had sales of $775 million, an 8% advance. Annual sales per restaurant remained flat at $2.1 million.

The restaurant group's overall sales rose about 10% to $1.08 billion, or 13% excluding discontinued operations.

Customer counts at Red Lobster began to recover in the final months of the year with new menu items, including pasta dishes, and heavy discounting.

General Mills has earmarked $104 million over two years to refurbish Red Lobster units with mesquite grills and oyster bars. Capital spending for the restaurant group last year was $82.3 million, down 24% from 1983.

The first eight remodeled Red Lobsters, including seven in Denver, were opened by July. Houston and Chicago were next on the construction schedule. About 200 makeovers are due by June 1985.

Meanwhile General Mills disclosed that two units were added to an experimental Italian restaurant concept, dubbed Olive Garden, bringing the total to three.

York Steak House, with 130 remaining units, continued its repositioning from a budget steak concept to a broader operation with fish entrées, a salad bar, sandwiches and burgers—all at lower price points.

Casa Gallardo built 10 new units, ending the year with 34 restaurants. Darryl's had 32, up from 28. And Good Earth numbered 23, up from 16.

General Mills' restructuring of the restaurant group coincides with a major asset-redeployment program at the consumer products giant.

Companywide, General Mills posted pretax profit of $398.7 million, a 3% decline from the previous year; net profit of $233.4 million, a 5% slump.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## Swensen's swaps stock for Foremost Inc. factories

PHOENIX — Swensen's Inc., franchisor of the 380-unit chain of ice cream restaurants, has acquired ice cream factories in Los Angeles and Fort Worth from Foremost Dairies Inc. of San Francisco in exchange for 2.4 million shares of Swensen's stock.

The transaction gives Foremost, a privately held company, 43% control of Swensen's, reducing the stake of financier Karl Eller, who purchased Swensen's in 1980 and brought it public in November 1983. Eller had held 67% of Swensen's stock; he now holds 38%.

There were about 3.2 million shares of Swensen's stock outstanding before the merger.

Foremost and Eller have agreed that each will elect four directors to the nine-seat Swensen's board, with the ninth being Swensen's president, currently E. Christian Schoenleb. But the board would need a two-thirds majority to act.

"This is the biggest step in our history," said Schoenleb. "It positions our company to become a significant factor in the rapidly growing supermarket premium ice cream market."

The agreement, Schoenleb said, will "more than justify the dilution [of shareholder equity] in terms of earnings." Revenue, he said, "will more than quadruple."

In recent years competition for shelf space in grocery stores for ice cream has grown intense. Pillsbury acquired Häagen-Dazs last year, and now other consumer food makers are gearing up.

## MARKET UPDATE

## Diversifoods tops volume list as stock market slows

NEW YORK — As the stock market paused to take a breather amid a volume-cracking midsummer rally, listings on the *Nation's Restaurant News* stock table (page 4) also rested. There were 46 price gainers, 32 losers and 19 unchanged.

Diversifoods topped the volume listings in the second week of the two-week period, finishing down $1, to $12.75 per share. Diversifoods disclosed some personnel shifts.

American Motor Inns, which brought the Texas Bass brothers in on the Prime Motor Inns takeover, closed up 75¢ to $19.75.

Chi-Chi's was up 75¢, to $17.50. McDonald's, which declared a 3-for-2 stock split, was up 25¢, to $79.

Victoria Station, which said it was taking longer than expected to raise some needed financing, led the losers list, dropping $1.63, to $5.

Capt. Crab, which named ex-Sea Galley executive Bob Galentine as its new president, led the winners list, adding 75¢ to $2.75.

Kelly-Johnston, which posted new write-offs, closed at $5, up $1.13. Sizzler, on new earnings, gained $1.25, to $17.50.

Among some widely held issues, Walt Disney closed up 50¢, to $56.50. Disney dropped its planned acquisition of Gibson Greetings.

Wendy's gained 13¢, to $19.88. Church's closed up $1, to $28.75. There were unconfirmed reports that Church's was starting a new burger concept. Shoney's dropped 63¢, to $32.75.

Horn & Hardart was off $1.25, to $13.88. The company reportedly wants to get into the pizza business.

Chili's added $1.50, to $19.75. Ponderosa, up 13¢, to $19.13. Transworld, down 25¢, to $29.88. Morrison, off 13¢, to $18.13. Jerrico, off 13¢, to $17. Sea Galley, unchanged at $9. Shoney's South, up $1, to $20.50. Saga, unchanged at $33.50.


**READ CLASSIFIEDS**


## FINANCIAL JOTTINGS

### National Pizza offer set at $9.50

PITTSBURG, Kan. — National Pizza Co., Pizza Hut's biggest franchisee with 95 outlets, has priced its initial offering of 955,000 shares at $9.50 each.

The company netted $8.38 million, after underwriting expenses, by selling 17.5% of the outstanding stock.

National Pizza had originally intended to get $11.50 to $13 per share. But the stock market slipped in the intervening 2½ months, a spokesman said.

In order to ensure an adequate supply of shares for institutional investors, the company chose to take a lower price rather than reduce the number of shares, the spokesman said.

The smaller yield did not change National Pizza's plans to use the proceeds to pay off a bank debt and smooth the company's development in Los Angeles, according to the spokesman. National Pizza now operates mostly in the Southeast.

National Pizza has become the second major Pizza Hut franchisee to go public in a year. A&M Food Service of Tulsa, Okla., with about 92 units, raised $5.7 million in September 1983. The 4,400-unit Pizza Hut chain is owned by Pepsico Inc.

### Le Bistro goes Gourmet, not public

MINNEAPOLIS — Le Bistro Inc., a 14-unit chain of French-styled mall restaurants, has abandoned a plan to go public and has agreed instead to be acquired by Gourmet Products International Corp., of Plantation, Fla., a maker and marketer of frozen prepared foods.

Terms were not disclosed. The scuttled public offering would have valued Le Bistro at $1.8 million.

### Engler ready to fund new units

MINNEAPOLIS — Engler Foods Inc., which operates 19 Los Primos Mexican-styled mall restaurants, said it was completing a second round of private placement financing that would fund the opening of 15 to 20 new outlets next year.

Engler completed its first round of financing last year when it raised $500,000 by selling 340,000 shares.

### Golden Corral to form trust

RALEIGH, N.C. — Golden Corral Corp., which operates 311 family steakhouses, plans to raise $10 million to finance 20 new restaurants by forming a tax-sheltered real estate investment trust.

The trust would own the restaurants and lease them back to the corporation, giving trust investors tax advantages.

## EARNINGS REPORT

| Company | Period | Period Ended | Revenues* | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|
| Bob Evans Farms | 3 mos. | 7/27 | $ 53.980 | 14.0 | $4.380 | 6.0 |
| Brock Hotel Corp. | 3 mos. | 6/29 | 74.820 | – 5.0 | (1.210) | |
| | 6 mos. | 6/29 | 151.020 | – 2.0 | (0.680) | |
| Consolidated Products | 3 mos. | 7/4 | 16.580 | 8.0 | 0.459 | 12.0 |
| | 9 mos. | 7/4 | 51.450 | 8.0 | 1.056 | 39.0 |
| Dunkin' Donuts | 3 mos. | 7/28 | 21.840 | 9.0 | 2.330 | 14.0 |
| | 9 mos. | 7/28 | 66.390 | 10.0 | 7.030 | 16.0 |
| El Chico | 12 mos. | 6/1 | 77.000 | NA | 3.600 | NA |
| | 4 mos. | 6/1 | 25.400 | 28.0 | 4.650 | 55.0 |
| Esteban Foods | 3 mos. | 6/30 | 3.330 | 36.0 | (0.065) | |
| | 6 mos. | 6/30 | 6.270 | 33.0 | (0.092) | |
| Garcia's of Scottsdale | 3 mos. | 7/15 | 12.560 | 18.0 | 0.218 | |
| | 6 mos. | 7/15 | 29.830 | 31.0 | 0.015 | |
| Golden Nugget | 3 mos. | 6/30 | 97.270 | 5.0 | 4.830 | – 35.0 |
| | 6 mos. | 6/30 | 181.190 | 4.0 | 8.670 | – 38.0 |
| Hamburger Hamlets | 3 mos. | 6/24 | 9.180 | 5.0 | 0.485 | 145.0 |
| Kelly-Johnston Enterprises | 3 mos. | 6/30 | 30.560 | 140.0 | (3.740) | |
| Maverick Restaurants | 3 mos. | 7/31 | 2.870 | 89.0 | 0.238 | 72.0 |
| | 6 mos. | 7/31 | 5.260 | 78.0 | 0.473 | 82.0 |
| Naugles | 12 mos. | 6/30 | 114.840 | 32.0 | (5.070) | |
| | 3 mos. | 6/30 | 27.260 | 18.0 | 0.105 | – 86.0 |
| Noble Roman's | 3 mos. | 6/30 | 4.380 | 59.0 | (0.024) | |
| | 6 mos. | 6/30 | 8.410 | 57.0 | (0.089) | |
| Piccadilly Cafeterias | 12 mos. | 6/30 | 173.840 | 14.0 | 8.440 | 40.0 |
| | 3 mos. | 6/30 | 45.450 | 14.0 | 2.540 | 180.0 |
| Primo | 3 mos. | 6/30 | 0.856 | 106.0 | 0.087 | 867.0 |
| | 9 mos. | 6/30 | 2.900 | 126.0 | 0.245 | 169.0 |
| Servico Inc. | 3 mos. | 6/30 | 47.330 | 21.0 | 1.910 | – 10.0 |
| | 6 mos. | 6/30 | 90.200 | 25.0 | 2.820 | 46.0 |
| Sizzler | 3 mos. | 7/31 | 39.950 | 12.0 | 2.540 | 29.0 |
| Sonesta Int'l Hotels | 3 mos. | 6/30 | 23.990 | 12.0 | 2.130 | – 3.0 |
| | 6 mos. | 6/30 | 39.530 | 9.0 | (0.004) | |
| Taco Villa | 3 mos. | 7/11 | 6.580 | 6.0 | 0.313 | – 11.0 |
| | 6 mos. | 7/11 | 14.720 | 9.0 | 0.698 | 2.0 |
| United Inns | 3 mos. | 6/30 | 44.520 | 13.0 | 8.120 | – 78.0 |
| | 9 mos. | 6/30 | 127.500 | 16.0 | 2.430 | – 59.0 |
| Victoria Station | 3 mos. | 6/24 | 23.690 | – 4.0 | (0.525) | |

Source: *Company earnings reports*

*NA = Not Available*
*— loss in corresponding period*
** In millions*

MULTIUNIT TRENDS

# Take-out foods satisfy new, changing lifestyles

By Charles Forman
*Executive Editor*

Some frontiers are immediately apparent—like the international marketplace. Domestic multiunit food-service chains have long seen the opportunity, not to say the downright need, to plant their flags on foreign soil.

Another market, maybe even bigger, also waits to be pioneered. That's the take-out business. The latest figures provided by Restaurant Trends, Middletown, N.J., indicate the chains haven't yet ironed out how to make their take-out efforts a real determinant of store sales gains.

But the demographic pollsters say new lifestyles might provide a tremendous push for take-out food service. It shouldn't have surprised anyone when seafood dinnerhouse Red Lobster decided last winter to zero in on take-out by offering chainwide a variety of prepared platters and seafood salads.

Somebody at Red Lobster evidently had his ear to the ground. What he was hearing is that Americans, subjected to the explosive force of new technology, are actually in many instances spending more time at home or at home with friends. Cable television, electronic games, videocassette recorders and home computers are educating these people, entertaining them, or being put to some other purpose.

Along with an obviously growing desire for convenience by the population at large that has been driving food service for years, these new influences point to the possibility of a new food-service era. The new era is one in which providing take-out food—or perhaps prepared and delivered food—could become the biggest part of the business. Room service for the masses is at least imaginable.

While, as noted, take-out at the leading chain operations is not responsible for sales gains, one exception exists. That's in the pizza segment. So far Restaurant Trends' numbers are available only for Pizza Hut's telephone order sales. Pizza Hut has heavily advertised that it does take telephone orders.

Educated suspicion is that the same kinds of sales gains that Pizza Hut is garnering with telephone/take-out orders are accruing segment-wide with delivery and quick pick-up services, too. The incredible growth of delivery chains like Domino's in the Midwest and the blossoming of computerized central telephone ordering services like that pioneered by Pizza Pizza, in Toronto, would seem to back this thinking.

Pizza, of course, is traditionally a take-out food. So it's natural enough that as chains fill in markets across the country (especially, it seems, as the development is engineered by creative, aggressive newcomers), the accepted service style spreads.

The gauntlet's down then for the rest of chain food service.

*(Continued on page 11)*

## TAKE-OUT BUSINESS

| | Per Cent of Overall Sales by Month | | | Per Cent of Overall Sales by Region | | | |
|---|---|---|---|---|---|---|---|
| | Three Months: 1/84-3/84 | Six Months: 10/83-3/84 | Twelve Months: 4/83-3/84 | Northeast | North Central | South | West |
| Church's | 74.0% | 73.0% | 71.0% | 61.0% | 74.0% | 72.0% | 66.0% |
| Dunkin' Donuts | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 69.0 | 71.0 |
| Kentucky Fried Chicken | 69.0 | 68.0 | 66.0 | 67.0 | 66.0 | 63.0 | 70.0 |
| Long John Silver's | 41.0 | NA | NA | NC | 38.0 | 47.0 | NC |
| Pizza Hut | 39.0 | 40.0 | 39.0 | 33.0 | 39.0 | 40.0 | 43.0 |
| Howard Johnson | 6.0 | 8.0 | NA | 9.0 | 4.0 | 9.0 | 6.0 |
| Big Boy | 5.0 | 6.0 | NA | 2.0 | 7.0 | 4.0 | 3.0 |
| Average | 43.4% | NA | NA | 40.3% | 42.6% | 43.4% | 43.2% |
| Average Excluding Long John Silver's | | | | 40.3 | 43.3 | 42.8 | 43.2 |

Source: Restaurant Trends

NA—Not Available
NC—Not Calculable; insufficient sample size

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## MULTIUNIT TRENDS

# Take-out becomes a driving force

*(Continued from page 9)*

How to pick it up? Probably just the way Red Lobster is doing. If the need's there and they back their offerings with some marketing oomph, the program will surely go.

Drive-thru business, mostly owned by the fast-food operators, is usefully seen as an adjunct to take-out. It's interesting to speculate that the drive-thru is positioned in the consumer's mind as a convenience to a convenience—sort of like the rent-a-car companies' express check-in.

This is absolutely validated by Restaurant Trends' finding that when drive-thrus are added to older units, the incremental business developed is substantial.

At the same time they are not on a continuing basis a sustaining force in incremental store sales growth.

Among the chains tracked, the most drive-thru business is done by Jack-in-the-Box. Jack-in-the-Box units have featured drive-thrus for a number of years. In addition, Jack-in-the-Box units are generally shorter on seating than are competitors' stores. On average Jack-in-the-Box drive-thrus generate 60% of unit sales.

Of the five major hamburger chains, Wendy's gets the lowest percentage of sales from drive-thrus. This seems inevitable, at present, with the chain so carefully positioned in many customer minds as providing extra service inside the store for a higher average check (which must be paid anyway).

One of the leaders in Restaurant Trends' tracking of take-out and drive-thru sales, which shouldn't be omitted from mention, is Dunkin' Donuts.

Take-out sales account for 70% of Dunkin' Donuts' unit sales—even with the considerable unit revamping, including added seating and menu broadening, that's been going on at that chain the past few years.

One of the clichés of the doughnut business is that it's extremely price sensitive and also often buffeted by bakery shop competition.

Restaurant Trends decided to try to pin down exactly what the case is at Dunkin' Donuts. Restaurant Trends tracked the price for a dozen doughnuts and then correlated that information with incremental store sales changes.

As doughnut prices fell, store sales got better, the researchers discovered. But when they spread incremental store sales gains in bunches from high to low and tried to find a correlation in the price range for doughnuts, they ran into a blank.

The conclusion, in their minds anyway, is that doughnut price sensitivity really exists only at the extremes of the price range and not at all in the broad center.

This sounds a little suspect but probably is not.

Dunkin' Donuts is one of the greatest utilizers in food service of price promotions, including cents-off coupons for its doughnuts.

The price cutting usually seems pretty substantial: 50¢ to 60¢ out of $2.50 to $2.60. But that's at best only 20%, much less of a price cut than some of the popular giveaways at the burger chains.

It's certainly not a "Buy one, get one free" offer. So the folks at Dunkin' Donuts headquarters in Randolph, Mass., may already be discounting the cents-off draw of the discount and counting on it more as an advertisement and attention getter.

*For further information on Restaurant Trends research, write or phone Carl De Biase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748. 201-671-4444.*

### DUNKIN DONUTS TAKE-OUT

(Product information by quarter)

| | % of Overall Sales |
|---|---|
| 1983 2nd Qtr. | 72.64% |
| 3rd | 67.89 |
| 4th | 70.40 |
| Total 1983 | 70.01% |
| 1984 1st Qtr. | 70.09% |

Source: Restaurant Trends

### DRIVE-THRU BUSINESS

| | Per Cent of Overall Sales by Month Three Months: 1/84-3/84 | Per Cent of Overall Sales by Region | | | |
|---|---|---|---|---|---|
| | | Northeast | North Central | South | West |
| Jack-in-the-Box | 62.0% | NA | NA | 67.0% | 60.0% |
| Burger King | 49.0 | 47.0% | 49.0% | 48.0 | 50.0 |
| Hardee's | 47.0 | 44.0 | 44.0 | 49.0 | 53.0 |
| McDonald's | 46.0 | 46.0 | 46.0 | 46.0 | 42.0 |
| Wendy's | 43.0 | 40.0 | 43.0 | 42.0 | 46.0 |
| Kentucky Fried Chicken | 39.0 | NC | 38.0 | 40.0 | 44.0 |
| Average | 47.7 | 44.2 | 44.0 | 48.7 | 49.2 |
| Average Excluding Jack-in-the-Box | | 44.2 | 44.0 | 45.0 | 47.0 |

Source: Restaurant Trends

NA—Not Available
NC—Not Calculable; insufficient sample size

# Employment image takes a 'bum rap'

NEW YORK — The food-service industry's often-criticized bad employment image is mostly a bum rap, according to a nationwide survey of nearly 5,000 fast-food employees.

The survey, conducted in 1982 and 1983 by the National Institute for Work & Learning, found that two-thirds of the respondents enjoy their jobs. Among other key findings, the survey disclosed that 59% come from "lower-class" or "lower-middle-class" backgrounds and that the average length of employment is 18 months, with about 25% on the job for two years or longer.

Moreover, the survey indicated that employees learn crucial job skills, such as taking direction, being punctual, discipline and teamwork, as well as how to operate equipment such as cash registers and food-preparation machines. And more than half said they would continue their education.

On the other hand, workers surveyed complained of low wages—they averaged $3.65 an hour, 30¢ above the minimum wage—and said that the hours were too short. Young black workers, who tended to receive the lowest wages, were also the least satisfied.

### PIZZA HUT PHONE ORDERS

(Product information by number of phone orders per week)

| Phone Orders* (Z Score) | Average Number of Phone Orders per Week | Per Cent Change in Overall Store Sales** % Change | Percentile Rank |
|---|---|---|---|
| 1983 | | | |
| 1.00 - 2.00Z | 680 | 17.05% | 55.43 Ptle |
| 0.00 - 0.99 | 452 | 14.23 | 45.28 |
| (0.01)-(0.99) | 269 | 14.69 | 50.48 |
| (1.00)-(2.00) | 103 | 10.95 | 45.35 |
| 1984 | | | |
| 1.00 - 2.00Z | 613 | 24.87% | 53.00 Ptle |
| 0.00 - 0.99 | 414 | 11.96 | 51.60 |
| (0.01)-(0.99) | 218 | 11.68 | 45.29 |
| (1.00)-(2.00) | 73 | 12.80 | 32.33 |
| 1983-84 | | | |
| 1.00 - 2.00Z | 659 | 19.55% | 54.65 Ptle |
| 0.00 - 0.99 | 437 | 13.33 | 47.79 |
| (0.01)-(0.99) | 251 | 13.65 | 48.69 |
| (1.00)-(2.00) | 93 | 11.55 | 41.15 |

Source: Restaurant Trends

*Ranking by Z scores is a statistical means of bunching groups along a continuum according to how they rank when rated by a certain given factor, in this case phone orders. Z scores range from a high of 2 to a low of -2.
**Month over prior month a year earlier.

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FOCUS NRN

# *Overseas investments finally pay off for some U.S. chains*

**By Joe Edwards**

After nearly two decades of expansion in international markets, United States-based restaurant chains are finally realizing bottom-line benefits from their difficult, expensive, time-consuming and problem-riddled ventures abroad.

Even for such food-service giants as McDonald's and Kentucky Fried Chicken, which operate more than 3,000 foreign units between them, the road to profitability has been filled with potholes, detours and land mines—occasionally real ones.

Educating foreign consumers to eat American-style burgers, Southern fried chicken, coleslaw, and milkshakes is less difficult than meeting certain other challenges.

Start-up costs are enormous, and supplies and equipment are hard to procure. Political instability scares away all but the hardiest operators and franchisees from some countries, especially in Central America and the Middle East. Site selection commonly is more beset with difficulties than it is in this country, and the costs of land, building and equipment are ordinarily higher. Demographics studies are usually nonexistent.

Legal restrictions sometimes limit the extent of a company's involvement in its overseas operations. Foreign franchisees frequently have conflicting views of proper sanitation methods. They also tinker with recipes. American chains usually have to staff regional offices overseas to police units to ensure quality, service, cleanliness and consistency.

There are foreign exchange headaches; millions of dollars can be lost with fluctuations of foreign currencies against the dollar. Chains must consider local sensibilities; some residents of Barcelona, for example, were incensed when McDonald's opened a restaurant earlier this year in a landmark building designed around the turn of the century by the esteemed local architect Gaudí.

For chains that persevere, however, these and other challenges can be met and overcome. McDonald's in 1983 reported a 34% rise in international income to $174 million on a 27% jump in revenues to $675 million compared with year-earlier results. International sales rose 12% to $1.6 billion at its 1,500 or so foreign units.

For Wendy's, however, profits are still a few years away. Chairman Bob Barney recently said the international division is losing money and Wendy's "won't break even in international operations before 1986."

United States-based chains operate nearly 5,000 restaurants in more than 50 countries, primarily Japan, Canada, Australia and Britain. They plan even greater penetration of foreign markets in the next few years, with most unit growth coming in Western Europe and the Pacific Basin.

There are still only a few American chains in Italy, Africa, Central America, South America and the Middle East. Development in those areas is going on but at a very slow pace.

Some smaller chains are very active overseas. Mister Donut has more than 900 foreign units, mostly in Japan, Canada, the Philippines and Thailand. Baskin-Robbins sells its 31 flavors at nearly 500 foreign restaurants. There are close to 300 A&W units, about 100 Shakey's Pizza units and 60 Swensen's outside this country.

Of the 18 leading American

*(Continued on page 37)*

***'Even for such food-service giants as McDonald's and KFC, the road to profitability has been filled with potholes, detours and land mines.'***

FOCUS NRN

FOREIGN MARKETS

# American chains finally reaping overseas rewards

*(Continued from page 31)*
chains in foreign countries, only three are not fast feeders: Denny's, which has 230 units in Japan, Malaysia and seven other countries; Red Lobster, which has a dozen or so in Japan and Canada, and Pizza Time Theater, with about 10 units in France, Britain and Canada.

Large chains that have been overseas for years are clustering units in key markets, giving them economies of scale for marketing, advertising and purchasing.

Heads of international divisions get more than a few gray hairs from foreign currency fluctuations. McDonald's 1983 international sales of $1.6 billion would have been $54 million higher if foreign currencies, excluding those related to hyperinflationary economies, had not declined in 1982, according to a spokesman.

Kentucky Fried Chicken, which is neck and neck with McDonald's in opening units abroad, has higher unit sales in foreign countries than it does domestically. International sales rose 6% to $708 million in 1983.

In overseas markets, KFC faces many of the same challenges it contends with in this country, according to Robert Hiatt, president of KFC-International. "One of our principal challenges is fighting deviation," he says. "There's one way to do chicken. If we do that, we're successful."

Some American chains enter a few foreign markets with a local partner, as Red Lobster did when it expanded to Japan in a joint venture with Jusco, a local retailer.

Ito-Yokado, a Japanese conglomerate with department and specialty stores, convenience stores (7-Eleven), discount stores, real estate interests and supermarkets, franchises 195 Denny's in Japan. They reported a net income of $5.1 million on $195 million sales in fiscal 1984.

Many Denny's units in Japan have been remodeled with lighter colors and a more upscale look to appeal to young adults. Lighter menu items, such as salads, have been added because more and more people are now more conscious of health. To entice the price-sensitive Japanese consumers, Ito-Yokado has not raised menu prices for three years.

The whole Pacific region is percolating with American restaurant chain expansion. McDonald's first unit in Taiwan (opened in January) reports annualized sales of $5 million, making it the highest-grossing McDonald's restaurant.

Burger King, which has units in Australia (where it is known as Hungry Jack), Singapore and Hong Kong, is considering expansion into Taiwan, as are Wendy's and other chains.

KFC's highest-volume unit is in Malaysia, where customers are spending $2.4 million annually. KFC's unit sales in international markets average $523,800.

Burger King, with only 263 units in foreign markets at the start of this year, is planning a huge push in Europe, where it plans to have 400 restaurants by 1987.

European operations were consolidated last year and a new headquarters was opened just outside London. The chain recently completed a major "shape-up" program for existing units and has at least $20 million pledged by chief executive Jeffrey Campbell to begin an expansion drive in earnest.

Wendy's, which has only 95 units outside the United States and Canada, is planning expansion in London, Madrid, Frankfurt and Japan and is looking at France, Mexico and Taiwan.

KFC's expansion focus is on Western Europe, South America and Asia. There are more than 1,500 KFCs in 50 countries.

Collins Foods International plans to open its first Sizzler family steakhouse in Australia this year.

Though fast feeders are most active in international expansion, Tony Roma's Place for Ribs has a unit in England, Denny's has 230 units outside the United States and Red Lobster is taking its first tentative steps toward international development with units in Japan and Canada.

Fuddruckers, the fast-growing, San Antonio-based chain that specializes in dress-your-own large burgers, has signed a letter of intent with a group of British investors to open and operate three restaurants in Britain and one in West Germany.

**SELECTED LIST OF AMERICAN-BASED CHAINS OVERSEAS**

| Chain | Estimated Total Number of Units Outside U.S. | Major Activity (# of Units) |
|---|---|---|
| **McDonald's** | 1,527 | Canada (442); Japan (395); Germany (190); Australia (147); Britain (133) |
| **Kentucky Fried Chicken** | 1,500* | Japan (400); Britain (360); Australia (200); South Africa (150); New Zealand (45) |
| **Mr. Donut** | 915 | Canada; Philippines; Thailand; Japan |
| **Dairy Queen** | 571 | 12 countries |
| **Baskin-Robbins** | 446 | N/A |
| **A & W** | 293 | Canada (243); Kuwait; Malaysia; Thailand |
| **Pizza Hut** | 290 | N/A |
| **Burger King** | 263 | Western Europe (69); Hong Kong, Singapore, South Korea; Australia** |
| **Denny's** | 230 | Japan (170); Malaysia; 7 other countries |
| **Wendy's** | 165 | Canada (70); Britain; Germany; Spain; Japan |
| **Shakey's Pizza** | 95 | Malaysia; Thailand; Jamaica |
| **Swensen's** | 60 | 11 countries |
| **Hardee's** | 25 | Canada |
| **Winchell's Donuts** | 20 | Guam, Japan; Korea; Philippines |
| **Pizza Inn** | 16 | Mideast; Philippines; Hong Kong; Mexico |
| **Long John Silver's** | 14 | N/A |
| **Red Lobster** | 12 | Japan (3); Canada (2) |
| **Pizza Time Theater** | 10 | France; Britain; Canada |

Source: *NRN* research

*This number does not include several hundred KFC units in Canada that are operated by a separate nonprofit corporation with all proceeds going to charities.

**Burger King is known as Hungry Jack in Australia.

# KFC patience pays off: Undisputed rule of the overseas roost

LOUISVILLE — Back when most experts claimed that American fast food would never fly in foreign markets, Kentucky Fried Chicken was gingerly but resolutely testing international expansion. Its gamble paid off. The giant chicken chain earns handsome profits from its overseas operations and has left its segment competitors in the dust.

"We'll keep the pressure on," says Robert Hiatt, who joined the chain as president of KFC-International in 1981. "It takes time in overseas markets to reach profitability. Our newer competitors don't have the needed mass or a success model" overseas.

KFC, which dominates the domestic fast-food chicken segment with greater than a 50% share, has a virtual stranglehold on the world's chicken market. By year's end, the chain will be operating 1,700 units in more than 50 foreign countries. Competition from other fast-food chicken chains barely exists.

"Church's tried to get into Australia and Japan but backed out," Hiatt says in a matter-of-fact tone that is devoid of any trace of immodesty. "They also closed up in Singapore. Popeyes and Bojangles' are in a couple of markets, but we have no chicken-based competition overseas."

In Australia, two large chains that specialize in rotisserie chicken compete with KFC's 200 units. A while back KFC began testing its own barbecued chicken but quickly withdrew it and went with its original product.

In the race by American chains to develop lucrative international markets, KFC is running in a dead heat with McDonald's in number of units. Both chains started the year with about 1,500 foreign units, and both are opening between 180 and 200 before the end of the year.

McDonald's total number of units outside the United States includes 442 restaurants in Canada, where KFC restaurants are operated by a separate nonprofit corporation that has no connection with KFC Corp. (KFC's founder, the late Col. Harland Sanders, set up KFC in Canada and earmarked all profits for charities in the United States and Canada.)

McDonald's, by virtue of its stronger average unit sales, has opened a wide lead over KFC in international systemwide sales: $1.6 billion in 1983 vs. $708 million for KFC. McDonald's per-unit average sales of about $1.1 million in international markets are about twice those of KFC. But KFC is in 50 countries, compared with McDonald's 31.

Hiatt directs international operations from his office at KFC headquarters here. He oversees seven major business units, which are responsible for 400-plus units in Japan, 360 in Britain, 200 in Australia, 150 in South Africa, 38 in Mexico, 25 in Puerto Rico and 45 in New Zealand.

Expansion plans call for major unit growth in Western Europe, South America and Asia as part of KFC's multimillion-dollar systemwide development push that will add more than 2,000 new restaurants in all markets by 1988.

**Robert Hiatt**

KFC's overseas operations are a combination of company and franchised units plus several joint ventures with local businessmen. Its strategy is to cluster company-operated units in and around principal cities. The chain recently acquired a large number of units from franchisees in Puerto Rico and Britain and in the next couple of years will open more company units than franchised units.

In Thailand, a local franchisee group opened KFC's first unit in an indoor shopping center anchored by a Hyatt Hotel on June 28. The 160-seat restaurant is operated by the Central Department Store Group, which is a licensee for such American products as Estée Lauder cosmetics and Levi's jeans.

There is talk of a return to Hong Kong, a market KFC abandoned eight years ago. Forays into Argentina, South Korea, Taiwan, the Netherlands, Germany and Spain are under way or planned for the near future.

Ensuring product consistency in 50 countries is a large task, according to Hiatt. "One of our principal challenges is fighting deviation," he explains. "There's one way to do chicken. If we do that, we're successful."

Drive-thru windows have not been added in many stores in Western Europe because cars aren't used for pleasure travel as much. Most stores on the Continent are in-line, usually in retail centers. Drive-thru windows, however, are found in Australia, Mexico and New Zealand and are being added in Puerto Rico "as fast as we can. They fit the lifestyle."

The first KFC unit in Malaysia is capturing annual sales of $2.4 million, nearly five times higher than the systemwide average. "We seem to have filled a niche in the marketplace between vendors and white-tablecloths," Hiatt says, explaining that in Malaysia about 75% to 80% of the customers dine leisurely in the restaurant.

"Living quarters are small, and it's a treat for the family," Hiatt adds. "They make an evening of it. And that formula has worked throughout Asia."

Site selection, according to Hiatt, can be very difficult in some countries, especially those where KFC is the first American-based chain, which is usually the case. "Often there isn't any data base for what makes a successful fast-food site," Hiatt says.

In Europe and Japan, land costs are very high. So leasing is usually the only choice available. The opposite is true in Mexico, where "it's a great time to be building stores." KFC, in fact, about a month ago opened its first new unit in Mexico in three years.

KFC still does not have direct fast-food chicken competition overseas but is under increasing pressure from other fast feeders—established chains such as McDonald's and Pizza Hut as well as newer entrants into foreign markets such as Burger King.

Hiatt is unruffled by the looming competition, however. "We don't intend to lose our leadership," he declares. "We'll keep the pressure on."

**'84 MUFSO preview—Pp. 65-80**
**BK advances on European front—Pp. 97-101**


Nation's
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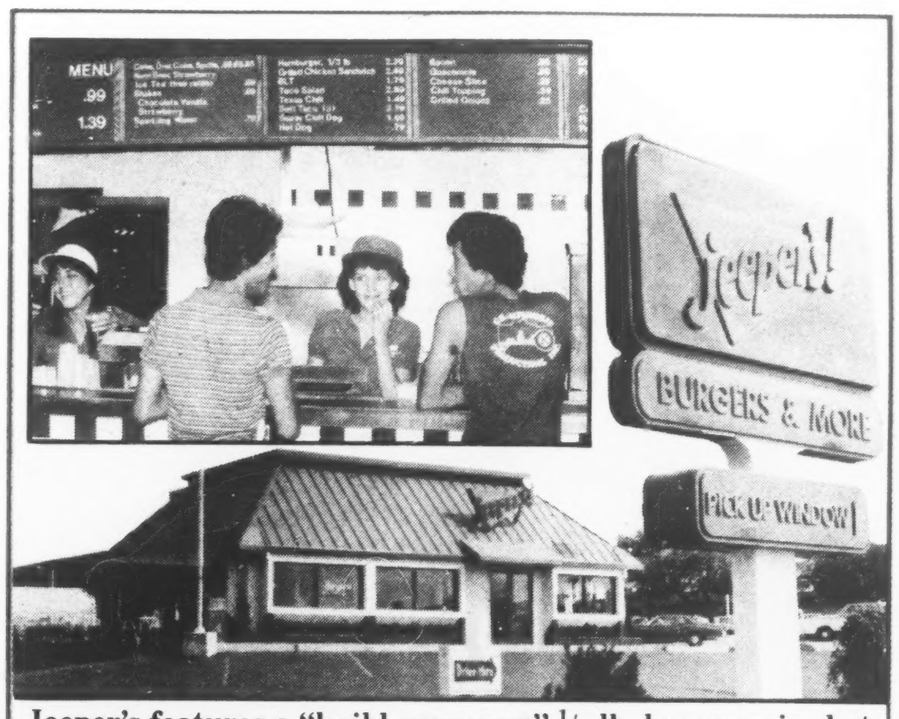



**Jeeper's features a "build-your-own" 1/3-lb. burger priced at $2.39; the average per-person check is $4.**

## Jeeper's: Church's upscale burger bid

**By Charles Bernstein**

SAN ANTONIO — Add Jeeper's to Chili's, Fuddrucker's, Muggs, McCord's, Spoons, Purdy's, Flakey Jake's and the myriad others (Texas-based or otherwise) that have jumped into the overcrowded upscale burger derby.

Jeeper's (which some say got its name when an executive looked at the potential prototype and exclaimed, "Holy jeepers!") is Church's effort to transform some or all of its 79 lagging G. W. Jr.'s burger units into productive assets and to compete with Anaheim, Calif.-based Carl's Jr., which is pouring its upgraded 1/3-lb. burger units into the San Antonio area.

"We've actually devised a subsegment Chili's and McDonald's for Jeep[illegible]," said Richard Sherman, who was brought in from Hardee's six months ago as Church's president and chief operating officer. "We're 20% below the upscale gourmet burger houses in price and at least 20% above the regular fast feeders.

*(Continued on page 142)*

Fueling El Torito's growth

## Marriott sells Casa Maria chain; other dinnerhouses could follow

**By Richard Martin**

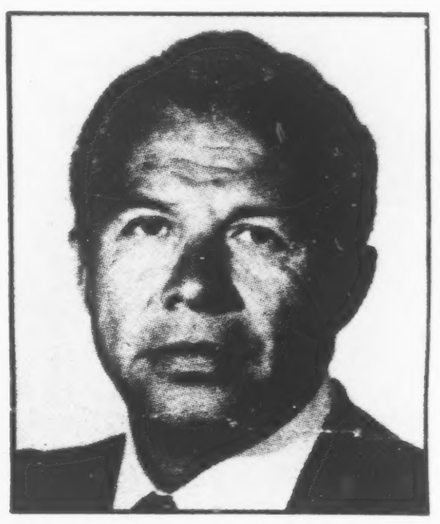
IRVINE, Calif. — Marriott Corp. has agreed to sell the 24-unit Casa Maria chain of Mexican dinnerhouses to El Torito Restaurants here for an undisclosed price, confirming an earlier report in *Nation's Restaurant News* that the units were for sale.

But Marriott officials have refused either to confirm or deny that negotiations with El Torito's parent company, W. R. Grace, are proceeding for the possible acquisition of Marriott's 30 other non-Mexican dinnerhouses (the Charley Brown's chain and others). Those 30 other units are also operated profitably by Marriott's Santa Monica, Calif.-based Host International division, which is principally an air-terminal feeder.

El Torito expects to add over $50 million to its 1985 sales volume as a result of the proposed acquisition of the Casa Maria restaurants, described by El Torito as currently enjoying good sales and profitability.

The acquisition would be the largest such deal ever for 119-unit El Torito, which went public last January, when Grace spun off a 27% stake in the chain. El Torito expects to further its growth strategy at the rate of about 20 to 25 additional restaurants a year through the 1980's.

**Bill Marriott**



**Larry Cano**

A longstanding ambivalence on the part of Marriott with respect to dinnerhouse operations has again come to the industry's attention with disclosure of sale negotiations and the El Torito agreement, which is still subject to the execution of a definitive purchase pact and various approvals.

After developing a variety of

*(Continued on page 142)*

## Brock tries new medicine to keep ShowBiz healthy

**By Susan Spedalle**

IRVING, Tex. — Brock Hotels is reorganizing its ShowBiz Pizza Place division with plans that include the formation of a company to recycle poorly performing units, expansion through joint ventures and unit-level developments, such as reopening for lunch, inaugurating teen disco nights and revamping the chain's marketing programs.

But the need to pay down the enormous amount of debt incurred during ShowBiz's rapid expansion phase still hangs over the company. A recent sale of debentures raised $24.5 million, and 19 joint-venture deals on new ShowBiz units gave Brock management contracts that saved the company hefty real estate and construction costs.

Over the next five years the hotel company must pay $85 million in corporate debt; annual interest this year alone amounts to $24 million.

With such enormous expenses, the heat is on the pizza chain to come up with badly needed cash.

In order to turn poor ShowBiz units into viable concepts, Brock has created a new company named Unique Creative Concepts. The company will transform some 30 failing ShowBiz units into cash-rich adult watering holes. Brock hired John Long, who worked as vice president for W. R. Grace's Baxter's concept, to head the new division. Bob Brock, the chief executive officer, has also been consulting with Lance McFadden of McFadden Ventures, which operates Confetti and élan, on a new concept.

Franchising of the ShowBiz

*(Continued on page 142)*

## San Francisco operators battle strike

SAN FRANCISCO — Restaurateurs here have come forth with financial and manpower assistance for colleagues struck by Local 2 of the Hotel and Restaurant Employees and Bartenders Union.

At presstime, 11 restaurants, including such well-known establishments as Ernie's, Scoma's, North Beach Restaurant and Pam Pam East, were being picketed while negotiations remained stalled between the union and 73 restaurants whose labor contracts expired at the end of August.

Only Scoma's, on Clay Street, was temporarily closed because of the strike. The others were operating with staffs comprised of family volunteers, moonlighting competitors and easily recruited nonunion help.

Though some union organizers threatened that the strike would spread citywide at the rate of one additional restaurant a day, others from the 17,000-member Local 2 said the strike strategy called for a limited number of walkouts in the interest of avoiding chaos.

An ad hoc strike fund totaling $125,000 was raised from the pledges of 11 restaurant owners whose places had not yet been adversely affected by the

*(Continued on page 142)*

## LATE NEWSBREAKS

**Registration of chain executives for *Nation's Restaurant News'* 25th annual MUFSO conference, Sept. 30 to Oct. 3 in the Dallas Loews Anatole, at presstime was running 30% ahead of last year.**

**Howard Johnson Co. execs led by ceo G. Michael Hostage were, at presstime, reportedly readying an offer to buy the motel and restaurant chain from parent Imperial Group.**

**Hardee's operator Imasco USA has inked a deal to acquire four-unit Grisanti Inc., Louisville, Ky. Grisanti's two Mama Grisanti midpriced Italian restaurants are slated as a possible expansion vehicle.**

**Warner Communications this month closed its Gadgets restaurants in Reading, Pa., and Niles, Ohio, and was set to close Gadgets in Towson, Md., and Ocean Township, N.J. These actions apparently herald the virtual end of Warner's restaurant-entertainment experiment.**

1st International Man of the Year chosen

## Grubert to be honored at MUFSO '84

**By Charles Forman**

WINNIPEG, Canada — Oscar B. Grubert, a pioneer of the chain food-service business in his native Canada, has been chosen *Nation's Restaurant News'* first MUFSO International Man of the Year.

Grubert is co-founder, chairman and chief executive officer of the expansion-minded Champs organization (operator of casual theme Mother Tucker's and a Canadian KFC franchisee), based here but scheduled to relocate to new headquarters in Phoenix next year.

**Oscar Grubert**

Presentation of his award will be one of the highlights of the annual Multi-Unit Food Service Operators (MUFSO) conference awards banquet at Dallas' Loews Anatole Tuesday evening, Oct. 2.

Champs, the 1957 creation of Grubert, then a practicing attorney, and two friends, has reversed some of the rules of international expansion—especially where the border being crossed is the one between the United States and Canada.

A business built as a franchisee of Col. Sanders' early KFC

*(Continued on page 142)*

COMMODITIES

# Meat prices stabilize; feed costs are down

**NRN Special Report**

Although the supply of cattle is down from last year, so is consumer demand for red meat. As a result, the long expected hike in beef prices has not occurred on schedule, although agricultural economists still do not discount increases later in the fall or in early winter. These are periods when beef prices have traditionally risen, because heavier meals are associated with cooling weather, putting pressure on suppliers.

The price of pork, though it had a couple of run-ups in July and August, is seesawing back and forth. This is partly due to the sporadic marketing done by producers. The bulk of pork supplies still comes from individual farmers, who—when there is a great deal of crop work to be done in the fields—put off taking hogs to market. These peaks and valleys in supply cause the distribution pipeline alternately to overflow or to drain, translating directly into price changes based on the classic supply/demand equation.

One of the forces placing a ceiling on the prices of red meat has been the falling cost of feed grains. With a bumper crop in most of the grains expected this year, corn gluten feed is down 45% from last year at this time, linseed meal down 47%, milo (sor-

*(Continued on page 141)*

## PRICE MOVEMENT AT A GLANCE

| | Aug. 31 1983 | July 31 1984 | Aug. 31 1984 |
|---|---|---|---|
| Almonds, shelled, Nonpareil Supreme, 16/18, California, 1,000 lb. (lb.) | $ 1.70 | $ 1.79-$1.80 | $ 1.32 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.92 | $ 0.99 | $ 0.98 |
| Broilers, Grade A dressed, icepack, NYC (lb.) | $ 0.6024 | $ 0.5590 | $ 0.5694 |
| Butter, Grade AA, Chicago (lb.) | $ 1.4925 | $ 1.48 | $ 1.5775 |
| Ketchup, Fancy, California (6/10) | $15.00 | $12.00-$12.50 | $11.75 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.64-$0.66 | $ 0.68-$0.70 | $ 0.7575 |
| Lettuce, iceberg, California (24s) | $ 4.50-$6.00 | $ 5.50-$6.00 | $ 4.00-$6.00 |
| Pepper, black, NYC (lb.) | $ 0.73 | $ 0.95 | $ 1.06 |
| Pork loins, No. 1, 14-17 lb., Midwest (lb.) | $ 0.89 | $ 1.12 | $ 1.00 |
| Sardines in oil, Maine, keyless (50 3¼-oz.) | $19.50 | $20.00 | $21.00-$22.00 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Positive results for McD's 'fancy burger' cheddar test

**By Joe Edwards**

OAK BROOK, Ill. — McDonald's officials and franchisees report strong positive consumer reaction to initial tests of the large Cheddar Melt burger, which was rolled into about 175 units in the Milwaukee area and central Indiana last month.

"We're very pleased with the results we're seeing," said Bob Weismueller, Milwaukee regional manager. "It's been extremely successful and well received by the public."

Cheddar Melt, a ⅓-lb. burger served with grilled onions and melted cheddar cheese on a toasted rye bun, apparently is McDonald's response to the growing popularity of large, fancy burgers being marketed by a host of new "upscale" chains, such as Fuddruckers and Chili's.

Some fast-food chains, including Carl's Jr., Burger King and Wendy's, are also testing large burgers.

A spokesman for Conley-Pihos Management Co., a Milwaukee franchisee, confirmed that sales of the Cheddar Melt in the first few weeks of testing were strong and said the large burger is attracting incremental business. No figures were released.

In Indianapolis and other central Indiana towns where the Cheddar Melt is sold at 96 units, the chain is "excited" about the burger's quick rise to popularity.

A headquarters spokesman, however, denied a report that McDonald's is preparing to roll out the Cheddar Melt.

Weismueller noted that one of the Cheddar Melt's strong points is that "it fits very well into our system." One of McDonald's prerequisites for a new menu item is that the preparation of the product doesn't slow service or require new equipment purchases, although the chain recently installed convection ovens in more than 2,500 units to bake premise-made biscuits.

McDonald's, known for its conservative approach to new products and having the reputation of an operations-driven chain, sometimes tests a new item for several years before introducing it.

If the Cheddar Melt were to be rolled out, that would probably spell the end of the Quarter Pounder.

### MUFSO Registration

For information and registration details on *Nation's Restaurant News'* 25th annual Multi-Unit Food Service Operators (MUFSO) conference at the Loews Anatole, Dallas, Sept. 30-Oct. 3, please contact MUFSO coordinator Ilene Stargot at 212-371-9400, ext. 282 or 283.

# Bullwinkle's braces for growth as Straw Hat agreement nears

**By Richard Martin**

SANTA CLARA, Calif. — While mulling over their intended expansion in the hotly contested $500-million-plus California pizza marketplace, little Bullwinkle's Inc. and its founder, chairman and president, David Brown, are bracing for a plunge into a sea of competition.

Overnight Brown's six-unit pizza-and-games company would attempt to shake off a self-perceived guilt-by-association link with its financially troubled spiritual progenitor, Pizza Time Theatre, by taking over Saga Corp.'s 208-unit Straw Hat Pizza chain.

Having nailed down a bank loan for "a very big chunk" of the $40 million cash purchase price, Brown was proceeding at presstime with loan negotiations for the unspecified balance. Saying that the tentative purchase of Dublin, Calif.-based Straw Hat was not yet "a lead-pipe cinch," pending completion of financing, Brown nonetheless said he expected Bullwinkle's and Saga to make public sometime this month terms of a definitive agreement, which would call for consummation of the sale by the end of October, pending approval by company directors.

Because of additional costs inherent in the more complex financing arrangement, Brown has exercised his option to attempt the buyout with cash alone, rather than with a combination of cash and two-year notes secured by letters of credit.

*(Continued on page 140)*

## Round Table Pizza confident of its California pizza lead

SAN FRANCISCO — Although it leads Straw Hat Pizza—and all other pizza purveyors—in the California market-share game by a narrow margin, Round Table Pizza apparently is unfazed by Straw Hat's expansion plans and pending independence from Saga Corp.

"If I were looking over my shoulder, I'd be worried about *myself.* That's not a good defensive posture to be in," Round Table president Scott Bergren said.

The 13-state, 420-unit franchise company, with 1984 sales of $158 million, has been growing at the rate of 100 units a year recently, mostly in California, leaving Bergren and his colleagues little time for backward glances.

But competition in the half-billion-dollar California pizza market has been heating up decidedly. After no net-unit growth recently under Saga Corp., Straw Hat may gain momentum under the pending new ownership of Bullwinkle's Inc. Meanwhile Pizza Hut has been expanding here, and Godfather's and Domino's have made their initial advances with some success in California. (Godfather's even moved its headquarters from Nebraska to Costa Mesa, Calif., not long ago.)

And entrepreneurial pizza independents have been rebounding in step with the economic recovery.

If the Straw Hat sale is completed (following the acquisition of 450-unit, Dallas-based Shakey's by one of its California-based

*(Continued on page 141)*

# Luther's plans major revisions in the wake of a lackluster 1984

**By David Zuckerman**

ATLANTA — If potential were a measure of success, then Luther's Bar-B-Que would undoubtedly deserve a spot among the rising stars of food service. In the real world, however, the chain's failure to achieve expected results has set in motion a whirlwind of imminent changes.

While parent Diversifoods continues to cast Luther's as a major expansion vehicle along with Godfather's Pizza, projected growth has been curtailed this year, pending improvements in the concept's return on investment.

High construction costs and image problems have kept the chain teetering on the brink of profitability through most of 1984, leaving a break-even year as the best possible scenario.

But adjustments in building design, menu and ambience, which are now on the drawing board, hold high promise for the future as Luther's prepares to nearly quadruple in size by the end of 1985. (There are currently 45 Luther's—15 company-owned and 30 franchised.)

A new 180-seat unit prototype, featuring a scaled-down look (4,000 sq. ft.) and a reduced price tag, will be unveiled in the next three to four months, according to Luther's marketing vice president, Ron Cruise. The revised design is expected to pare construction costs by more than $150,000, to a more manageable $850,000, without a significant reduction in seating.

"We felt our original design contained a lot of wasted space in the back of the house," Cruise said. "What we've done is bring the kitchen in proportion with the rest of the building. The change will hardly cost us any seating. . . . Perhaps we'll lose four or five at most."

Interiors may also see changes, Cruise said, with a host of different design packages now under study. The current Luther's look—wood floors, overhead fans and tables with red-checkered tablecloths—is a holdover from the chain's earlier days under founder Chandler (his full legal name). Chart House, now Diversifoods, acquired Luther's from Chandler in 1981.

"We are looking at a lot of different treatments for the inside of the buildings," Cruise said. "We would like to replace the Western look—heavily associated with Texas—with a more general country look."

Such alterations, which reportedly may include a new col-

*(Continued on page 141)*

# Arby's set to battle back with flurry of menu intros

**By Don Jeffrey**

ATLANTA — In a strategy designed to cope with intense competitive pressures, Arby's is celebrating its 20th anniversary this year with a feast of new products.

Burdened with average unit volumes lower than the burger chains it competes with and now facing an uncertain future with a new owner, Arby's is counting on menu diversification to boost consumer awareness and broaden the customer base.

Its latest rollout—the third this year—is a baked stuffed potato. Available in four toppings and priced from $1.29 to $1.99, this item takes advantage of the market demand created by Wendy's similar product line introduced last winter.

In three test markets is a ⅓-lb. broiled burger—Arby's first—also an attempt to go head to head with the fast-food giants, Wendy's, Burger King and McDonald's.

Despite the dangers in a chain's trying to digest too many new items, Arby's maintains that the benefits exceed the risks, citing recent figures that show 35% of sales coming from products that were not in the system four years ago.

Though Arby's executives speak enthusiastically about the momentum generated by the rollouts, they are still operating under uncertainty about the motives of Victor Posner, parent Royal Crown's new owner.

Dismissing speculation that Posner will spin off the Arby's subsidiary, chain president Jeff McMahon says, "He's a keeper." He says he expects greater capital investment in Arby's under the new owner.

Some observers believe Arby's growth potential was an attractive element of the acquisition, while others think the sale of Arby's would give

*(Continued on page 141)*

**Jeff McMahon**

**Bob McDowell**

# FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

**33** Gainers
**15** Unchanged
Losers **51**

## Volume leaders

| Company Name | The Week's volume |
|---|---|
| Chi – Chi's | 8,791 |
| Ramada Inns | 5,758 |
| Wendys Intl | 3,940 |
| Holiday Inns | 3,851 |
| PepsiCo Inc | 3,759 |

## Top five gainers

| Company Name | The Week's Volume | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| Peoples Rest | 168 | 1.50 | + 20.0 |
| Primo Inc | 242 | 3.88 | + 14.8 |
| Beefsteak Char | 133 | 3.38 | + 12.5 |
| Nathans | 12 | 2.75 | + 10.0 |
| Assoc Hosts | 233 | 12.88 | + 9.6 |

## Top five losers

| Company Name | The Week's Volume | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| Concept Dev | 49 | 10.50 | – 17.6 |
| Kelly – Johnston | 374 | 4.13 | – 17.5 |
| Ryans Fam Steak | 836 | 18.75 | – 16.7 |
| Winners Cp | 513 | 9.75 | – 16.1 |
| A&M Food Svcs | 128 | 4.75 | – 13.6 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2 Weeks Ended September 5 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. rate | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | Latest P/E Ratio | Amt. | Yield | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ | - |
| A&M Food Svcs | AMFD | 5.50 | 4.00 | 4.75 | -.75 | -13.64 | 8.75 | 4.00 | -.18 | -4.43 | 3.83 | 14.24 | .40 | .39 | S | NC | 6.0 | 4.3 | 12.2 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 | 1283 |
| Acapulco Rest | ALAR | 4.50 | 4.50 | 4.50 | .00 | .00 | 7.00 | 3.88 | -.19 | .39 | 2.24 | -18.52 | -2.05 | -1.90 | S | -117.6 | -74.0 | -12.9 | NE | .00 | 0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 | 1083 |
| Allegheny Bev | ABEV | 16.63 | 15.88 | 16.00 | -1.38 | -7.91 | 18.75 | 13.44 | -.09 | .54 | 2.92 | -.64 | 1.67 | .18 | Q | 12.0 | 39.0 | 2.1 | 9.5 | .40 | 2.5 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 | 1283 |
| Am Motor Inns | INN | 21.75 | 21.38 | 21.38 | .00 | .00 | 21.75 | 12.50 | .94 | .29 | .26 | -15.36 | 1.26 | .01 | S | .8 | 34.0 | 8.6 | 18.8 | .16 | .7 | 08-09-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 | 0783 |
| ARA Services | ARA | 52.63 | 49.75 | 51.75 | .75 | 1.47 | 55.75 | 40.25 | -.27 | .97 | -7.34 | -29.73 | 4.37 | 1.11 | N | 28.9 | -1.0 | 1.7 | 10.5 | 2.10 | 4.1 | 08-27-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 | 0983 |
| Assoc Hosts | AHST | 13.50 | 11.50 | 12.88 | 1.13 | 9.57 | 17.00 | 10.50 | -.23 | 1.27 | 4.66 | -33.18 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 15.0 | .12 | .9 | 09-11-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 | 0983 |
| Beefsteak Char | BCS | 3.38 | 3.00 | 3.38 | .38 | 12.50 | 7.13 | 2.63 | .19 | 3.18 | .06 | 7.96 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | 0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 | 1083 |
| Bob Evans Farms | BOBE | 19.50 | 18.50 | 19.50 | 1.00 | 5.41 | 24.25 | 14.75 | .11 | .67 | 2.17 | -23.97 | .98 | .09 | F | 10.1 | 16.0 | 8.0 | 19.9 | .30 | 1.5 | 08-06-84 | 201.7 | 16.1 | 3.0 | .00 | 5.54 | 0483 |
| Brock Hotel Cp | BHC | 4.75 | 4.25 | 4.38 | -.38 | -7.89 | 8.38 | 4.25 | -.70 | -1.01 | 2.69 | 13.31 | .17 | -.01 | Q | NC | -14.0 | .7 | NE | .10 | 2.3 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 | 1283 |
| Calibre Cp | CLBR | 4.00 | 4.00 | 4.00 | -.25 | -5.88 | 11.00 | 3.25 | -.37 | .44 | .46 | -27.50 | .07 | -.20 | S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 | 0783 |
| Calny Food | CLNY | 9.25 | 8.88 | 9.00 | .00 | .00 | 10.75 | 7.25 | -.25 | .69 | 6.43 | 47.82 | .52 | .13 | Q | 27.6 | 6.0 | 4.8 | 15.0 | .16 | 1.8 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 | 0284 |
| Capt Crab Inc | CRAB | 2.88 | 2.13 | 2.50 | .00 | .00 | 8.13 | 1.63 | .68 | 3.91 | 4.34 | 20.54 | .00 | .00 | Q | NC | NC | .0 | NC | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 | 0883 |
| Carrols Cp | CRL | 10.38 | 9.63 | 9.88 | .25 | 2.60 | 11.88 | 7.13 | .31 | .68 | 4.39 | 18.45 | .50 | .28 | S | 80.0 | 94.0 | 3.7 | 15.7 | .05 | .5 | 12-23-83 | 84.2 | 3.1 | .8 | 3.66 | 2.42 | 0583 |
| Chi-Chi's | CHIC | 16.88 | 15.25 | 16.00 | -.63 | -3.76 | 29.00 | 12.50 | -.17 | -.60 | 2.96 | 19.43 | .66 | .26 | F | 65.0 | 121.0 | 10.3 | 24.2 | .00 | .0 | 09-28-83 | 161.7 | 16.7 | 2.6 | 1.87 | 1.62 | 0483 |
| Chilis Inc | CHLI | 21.25 | 19.50 | 21.25 | 1.25 | 6.25 | 21.25 | 12.75 | .57 | 1.64 | -2.74 | -2.43 | .29 | .17 | N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 | 0683 |
| Ch Full O Nut | CHF | 10.25 | 9.75 | 10.00 | .00 | .00 | 20.28 | 8.50 | -.02 | .70 | 1.72 | -3.61 | .62 | -.20 | N | -35.7 | -6.0 | 2.9 | 27.8 | .48 | 4.8 | 06-29-84 | 111.6 | 3.2 | 2.9 | .34 | 6.69 | 0783 |
| Churchs Fr Ch | CHU | 27.38 | 26.13 | 26.75 | -1.25 | -4.46 | 32.50 | 21.25 | -.32 | -.01 | .55 | 32.56 | 1.66 | -.62 | Q | -28.0 | .0 | 6.8 | 16.8 | .80 | 3.0 | 07-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 | 1282 |
| Collins Foods | CF | 24.00 | 22.25 | 23.75 | 1.00 | 4.40 | 24.13 | 14.88 | .62 | 1.64 | 2.35 | 13.21 | 1.47 | .30 | N | 21.4 | 27.0 | 3.8 | 14.0 | .24 | 1.0 | 09-24-84 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Concept Dev | CDII | 11.25 | 10.50 | 10.50 | -2.25 | -17.65 | 17.69 | 10.50 | -1.70 | -.03 | 2.15 | 12.04 | .06 | .46 | S | NC | 86.0 | 1.3 | 22.8 | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 | 0683 |
| Consul Corp | CNSL | 9.50 | 8.00 | 8.50 | .25 | 3.03 | 18.75 | 7.50 | -.12 | -1.90 | -1.22 | -25.44 | .32 | .06 | F | 23.0 | 35.0 | 2.2 | 26.6 | .00 | .0 | 00-00-00 | 63.7 | 1.4 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 22.00 | 19.00 | 19.25 | -2.75 | -12.50 | 25.75 | 15.75 | -.25 | -3.10 | 8.06 | 3.45 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 20.7 | .14 | 7 | 06-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 | 0783 |
| Cucos Inc | CUCO | 4.00 | 3.75 | 3.75 | -.25 | -6.25 | 5.00 | 3.50 | -.45 | -1.43 | 1.78 | 63.33 | .19 | .19 | F | NC | NC | 8.3 | 19.7 | .00 | .0 | 00-00-00 | 2.4 | .2 | .7 | 20.00 | 50.00 | 0683 |
| Denny's Inc | DEN | 40.13 | 39.00 | 39.75 | .63 | 1.60 | 41.38 | 29.00 | -.34 | .28 | -.35 | 27.20 | 2.54 | .26 | N | 10.3 | 12.0 | 3.8 | 14.3 | .72 | 1.8 | 06-05-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Disney, Walt | DIS | 56.63 | 55.13 | 56.25 | -.38 | -.66 | 68.50 | 45.25 | -.22 | .54 | -1.19 | -13.26 | 2.70 | .21 | N | 7.3 | -3.0 | 7.1 | 18.4 | 1.20 | 2.1 | 06-07-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 | 0983 |
| Diversifoods | DFDI | 13.63 | 12.75 | 13.00 | -.75 | -5.45 | 20.38 | 10.50 | -.25 | -.76 | 1.50 | -.95 | .99 | -.13 | S | -11.7 | 63.0 | 6.8 | 13.3 | .17 | 1.3 | 06-22-84 | 484.3 | 32.9 | 1.1 | 2.68 | 5.48 | 1283 |
| Dunkin Donuts | DUNK | 25.50 | 24.25 | 24.25 | -1.00 | -3.96 | 26.25 | 18.13 | .00 | -.81 | -1.93 | 30.11 | 1.62 | .25 | N | 15.9 | 23.0 | 10.2 | 13.3 | .32 | 1.3 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 | 1083 |
| El Torito Rest | ET | 14.50 | 13.00 | 14.25 | 1.13 | 8.57 | 14.50 | 9.00 | .54 | 1.54 | 5.48 | -7.47 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Esteban Foods | ESTB | 2.00 | 2.00 | 2.00 | .00 | .00 | 5.00 | 1.75 | -.87 | .52 | -1.00 | 12.50 | .09 | .31 | F | NE | -57.0 | 1.9 | 22.2 | .00 | .0 | 00-00-00 | 10.3 | .2 | 1.3 | 73 | 81 | 1283 |
| Fast Food Oper | POPI | 1.19 | 1.13 | 1.13 | -.06 | -5.26 | 3.00 | 1.00 | -.05 | -.59 | .05 | 40.05 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 18.8 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 | 1283 |
| Flakey Jakes | FJAK | 7.88 | 7.75 | 7.88 | .13 | 1.61 | 9.13 | 4.00 | .18 | .35 | .77 | -9.97 | -.15 | -.15 | Q | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 | 1283 |
| Frisch's | FRS | 31.88 | 31.50 | 31.50 | -.13 | -.40 | 32.94 | 22.84 | -.28 | .40 | -3.33 | 31.58 | 2.21 | .29 | F | 15.1 | 22.0 | 4.0 | 14.3 | .40 | 1.3 | 06-27-84 | 124.0 | 4.9 | 1.3 | 5.73 | 14.56 | 0583 |
| Fuddruckers Inc | FUDD | 15.13 | 13.88 | 14.75 | .88 | 6.31 | 17.50 | 9.25 | 1.10 | .56 | 4.08 | -23.81 | .06 | .02 | Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 | 1283 |
| Garcias Scot | GMEX | 4.63 | 4.25 | 4.25 | -.13 | -2.86 | 10.38 | 4.00 | -.54 | -1.03 | -.18 | 30.14 | -.48 | -.09 | Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 | 1283 |
| Gen Mills | GIS | 54.88 | 53.75 | 54.00 | -.88 | -1.59 | 57.00 | 41.63 | -.14 | .18 | -1.82 | 37.64 | 4.98 | .09 | F | 1.8 | 15.0 | 4.2 | 10.8 | 2.24 | 4.1 | 07-03-84 | 5600.8 | 233.4 | 1.2 | 8.01 | 27.05 | 0584 |
| Good Taco | TACO | 3.13 | 2.75 | 3.00 | .00 | .00 | 7.38 | 1.50 | .11 | -.68 | 5.34 | -26.83 | -.72 | -.39 | Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 | 0284 |
| Hambrg Hamlet | HAMB | 10.75 | 10.75 | 10.75 | .00 | .00 | 11.50 | 9.50 | -.60 | .42 | -2.21 | .00 | 1.54 | 2.64 | F | NE | -14.0 | 3.1 | 7.0 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 51.50 | 50.13 | 51.00 | -.50 | -.97 | 59.50 | 45.50 | -.07 | .27 | 1.19 | -47.39 | 3.20 | .30 | S | 10.2 | -1.0 | 14.0 | 15.7 | 1.00 | 3.5 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 | 1283 |
| Holiday Inns | HIA | 42.63 | 37.25 | 38.50 | -4.00 | -9.41 | 57.25 | 37.25 | -.51 | -.56 | 4.65 | -19.41 | 3.28 | .41 | S | 14.1 | 12.0 | 7.8 | 11.7 | .90 | 2.3 | 06-11-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 | 1283 |
| Horn & Hardart | HOR | 14.50 | 12.50 | 13.63 | .75 | 5.83 | 26.63 | 10.72 | -.02 | -.45 | -2.52 | -7.40 | 1.09 | .35 | Q | 46.6 | 71.0 | 4.0 | 12.4 | .00 | .0 | 08-15-84 | 339.7 | 13.5 | 1.1 | 3.04 | 7.86 | 1283 |
| Hungry Tiger | HTIG | 5.50 | 4.75 | 5.13 | -.13 | -2.38 | 10.00 | 4.25 | -.22 | 1.21 | -.88 | 48.88 | .00 | -.78 | N | -130.0 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 | 0883 |
| Intl Dairy Queen | INDQ | 39.50 | 39.50 | 39.50 | .00 | .00 | 40.00 | 32.50 | -.37 | .41 | 7.49 | -50.63 | 2.94 | .70 | S | 27.6 | 54.0 | 6.2 | 12.2 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 | 1183 |
| Int King Tab | IKNG | 19.00 | 18.25 | 18.25 | -.25 | -1.35 | 23.00 | 12.50 | .39 | .09 | -.67 | -.64 | 1.40 | .48 | F | 52.1 | 74.0 | 4.9 | 13.0 | .00 | .0 | 08-15-83 | 78.2 | 3.8 | .4 | 5.16 | 3.18 | 0683 |
| JB's Rest | JBBB | 15.00 | 14.50 | 14.50 | -.63 | -4.13 | 16.63 | 10.38 | .32 | .33 | -2.01 | 17.76 | 1.00 | .07 | N | 6.7 | 20.0 | 4.1 | 13.1 | .20 | 1.4 | 05-07-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 | 0983 |
| Jerrico Inc | JERR | 16.88 | 15.63 | 16.75 | .50 | 3.08 | 20.63 | 11.88 | -.06 | 1.78 | -2.15 | 38.74 | 1.28 | -.05 | F | -3.7 | 11.0 | 4.1 | 13.1 | .12 | .7 | 05-07-84 | 496.5 | 20.4 | 1.8 | 5.03 | 10.28 | 0683 |
| Kapok Cp | KPK | 2.88 | 2.75 | 2.88 | .13 | 4.55 | 8.38 | 2.63 | -.68 | .36 | 8.15 | 44.90 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 | 0983 |
| Kelly-Johnston | KEJO | 4.88 | 4.13 | 4.13 | -.88 | -17.50 | 17.50 | 2.63 | .33 | -1.91 | 1.22 | -15.81 | .40 | -.31 | N | -75.6 | 16.0 | 6.3 | 41.3 | .00 | .0 | 10-13-82 | 38.0 | 2.4 | 4.0 | 3.29 | 4.41 | 0383 |
| Karcher Carl | CARL | 29.13 | 25.00 | 25.13 | -2.88 | -10.27 | 43.75 | 18.75 | -.25 | -3.39 | 6.33 | 24.52 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 16.4 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Luby's Cafe | LUB | 30.13 | 28.88 | 29.50 | .25 | .85 | 30.13 | 23.63 | .25 | .78 | 5.67 | 4.72 | 1.15 | .23 | N | 20.7 | 27.0 | 9.8 | 22.0 | .60 | 2.0 | 06-04-84 | 141.4 | 13.9 | 1.6 | .45 | 5.85 | 0883 |
| Marcus Corp | MRCS | 15.00 | 14.38 | 14.75 | .38 | 2.61 | 15.00 | 11.38 | .14 | .66 | -11.92 | -20.45 | 1.44 | .16 | F | 12.5 | 6.0 | 5.8 | 10.2 | .28 | 1.9 | 07-10-84 | 126.7 | 7.4 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 76.25 | 73.50 | 73.88 | -1.88 | -2.48 | 77.25 | 58.50 | .05 | -.12 | -.90 | -7.36 | 4.15 | .80 | S | 21.5 | 30.0 | 3.8 | 16.4 | .44 | .6 | 09-17-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 | 1283 |
| Maverick Rest | MAVR | 5.75 | 5.75 | 5.75 | .00 | .00 | 7.00 | 4.13 | -.08 | .48 | 3.07 | -51.58 | .13 | .15 | Q | NC | 98.0 | 9.5 | 38.3 | .00 | .0 | 00-00-00 | 6.3 | 6 | 2.3 | .06 | .82 | 0184 |
| McDonald's Cp | MCD | 78.13 | 75.50 | 77.00 | -1.25 | -1.60 | 80.75 | 61.25 | -.06 | .33 | -1.84 | -5.33 | 5.74 | .78 | Q | 15.2 | 23.0 | 11.2 | 13.0 | 1.16 | 1.5 | 07-24-84 | 3062.9 | 342.6 | .5 | 19.71 | 29.53 | 1283 |
| Morrison Inc | MORR | 17.88 | 17.38 | 17.88 | -.25 | -1.38 | 20.75 | 13.13 | -.18 | .67 | 3.78 | 19.31 | 1.34 | .14 | N | 10.9 | 13.0 | 4.5 | 12.6 | .40 | 2.2 | 07-16-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 2.13 | 2.00 | 2.00 | -.25 | -11.11 | 3.47 | 1.88 | .00 | -.99 | 2.98 | 23.96 | .15 | .10 | N | NE | -33.0 | 1.1 | NE | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 | 0983 |
| Nathans | NATH | 2.75 | 2.50 | 2.75 | .25 | 10.00 | 3.63 | 1.88 | .34 | 2.86 | .61 | 6.11 | .20 | .17 | Q | 170.0 | 38.0 | 2.0 | 10.2 | .00 | .0 | 09-09-83 | 20.0 | .4 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 9.75 | 9.00 | 9.50 | .50 | 5.56 | 20.75 | 7.25 | -.03 | .77 | 1.69 | -26.64 | -1.09 | -1.79 | F | -255.7 | -31.0 | -4.4 | NE | .00 | .0 | 11-01-82 | 114.8 | -5.1 | .8 | 6.57 | 4.96 | 0683 |
| 1 Potato 2 | SPUD | 6.13 | 5.75 | 6.13 | .13 | 2.08 | 12.50 | 5.75 | -1.51 | 2.08 | 9.68 | .83 | .05 | .73 | F | NE | NC | 1.1 | NM | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 | 0284 |
| Ogden Corp | OG | 29.88 | 27.13 | 27.63 | -2.13 | -7.14 | 34.38 | 24.50 | -.14 | -1.64 | 5.43 | 39.69 | 2.64 | .60 | Q | 30.1 | -8.0 | 3.0 | 10.7 | 1.80 | 6.5 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 | 1283 |
| Old Fashion Fd | OFFI | 5.25 | 5.25 | 5.25 | .00 | .00 | 9.00 | 4.75 | -.58 | .33 | 5.06 | 10.00 | .60 | .12 | N | 22.2 | 25.0 | 6.3 | 8.0 | .00 | .0 | 00-00-00 | 9.5 | .6 | 1.7 | 3.01 | 3.01 | 0583 |
| Pancho Mex Buffet | PAMX | 8.00 | 7.75 | 7.75 | -.13 | -1.59 | 8.88 | 5.88 | .33 | .18 | -.46 | -3.46 | .43 | .12 | N | 29.2 | 61.0 | 4.8 | 14.6 | .10 | 1.3 | 09-08-83 | 25.1 | 1.2 | 1.2 | .11 | 2.75 | 0983 |
| Peoples Rest | PEPL | 1.63 | 1.25 | 1.50 | .25 | 20.00 | 12.38 | 1.25 | -1.06 | .90 | 4.08 | -51.55 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 | 0683 |
| PepsiCo Inc | PEP | 44.13 | 42.00 | 42.13 | -1.75 | -3.99 | 45.00 | 32.63 | -.33 | -.66 | -3.05 | 14.92 | 3.01 | .17 | Q | 5.7 | 3.0 | 4.0 | 13.5 | 1.68 | 4.0 | 06-04-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 | 1283 |
| Piccadilly Caf | PICC | 23.25 | 22.50 | 22.50 | -.63 | -2.70 | 24.25 | 13.13 | -.30 | -.08 | -2.49 | -41.26 | .99 | .05 | N | 4.6 | 5.0 | 3.9 | 19.9 | .60 | 2.7 | 09-10-84 | 152.7 | 6.0 | 1.6 | .00 | 7.71 | 0683 |
| Pillsbury Co | PSY | 39.63 | 36.63 | 37.00 | -2.75 | -6.92 | 41.50 | 33.00 | -.32 | -.18 | -.67 | 18.68 | 3.29 | .96 | N | 32.6 | 13.0 | 3.9 | 9.5 | 1.40 | 3.8 | 07-26-84 | 3685.9 | 143.0 | 1.4 | 13.22 | 22.10 | 0583 |
| Pizza Inn | PZA | 12.75 | 11.00 | 11.50 | -.38 | -3.16 | 15.75 | 8.38 | .19 | -1.59 | 1.82 | -25.22 | 1.14 | .23 | S | 25.8 | 28.0 | 2.5 | 10.3 | .08 | .7 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 | 1283 |
| Po-Folks | POFO | 15.88 | 15.38 | 15.38 | -.50 | -3.15 | 16.75 | 12.63 | -.10 | -.31 | -1.06 | -6.33 | .37 | .63 | N | NC | 9.0 | 1.9 | 24.4 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 | 0983 |
| Ponderosa Sys | PON | 19.88 | 19.25 | 19.50 | .13 | .65 | 24.88 | 17.13 | -.41 | .21 | -.28 | 19.78 | 1.51 | .15 | Q | 9.7 | -2.0 | 2.8 | 11.5 | .40 | 2.1 | 06-06-84 | 429.1 | 12.1 | .8 | 8.03 | 12.43 | 0283 |
| Prime Mtr Inn | PDQ | 24.75 | 23.00 | 24.00 | 1.25 | 5.49 | 25.50 | 16.00 | .25 | .56 | 1.47 | -15.18 | .99 | .20 | S | 22.4 | 69.0 | 25.4 | 22.0 | .12 | .5 | 06-29-84 | 50.0 | 12.7 | 6.9 | 4.83 | 5.90 | 0683 |
| Primo Inc | PRMO | 4.00 | 3.38 | 3.88 | .50 | 14.81 | 7.00 | 2.38 | 1.32 | 4.18 | -.12 | 9.53 | .11 | .11 | S | NC | 113.0 | 11.5 | 35.2 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 | 0983 |
| Ramada Inns | RAM | 7.75 | 6.50 | 7.25 | .50 | 7.41 | 11.63 | 5.63 | .12 | -.61 | 10.33 | -34.70 | .13 | 1.37 | S | NE | -15.0 | .7 | 11.5 | .00 | .0 | 10-19-81 | 572.0 | 4.2 | .7 | 10.62 | 6.41 | 1283 |
| Rax Restaurants | RAXR | 16.38 | 15.75 | 16.00 | -.25 | -1.54 | 21.50 | 12.50 | .12 | -.13 | 3.39 | -7.25 | .57 | .63 | Q | NC | 57.0 | 3.8 | 25.4 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 | 0783 |
| Rest Assoc | RA | 8.88 | 8.50 | 8.63 | .13 | 1.47 | 9.50 | 6.50 | .13 | .16 | 3.72 | -8.16 | .88 | .09 | S | 12.5 | 20.0 | 1.9 | 10.6 | .00 | .0 | 00-00-00 | 118.8 | 2.2 | 1.0 | 6.40 | 8.21 | 1283 |
| Rest Systems | RSYS | 13.50 | 12.75 | 13.25 | -.50 | -3.64 | 14.25 | 9.00 | -.05 | -.16 | -.51 | -22.13 | .72 | .75 | Q | NC | 19.0 | 4.7 | 17.7 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 | 1283 |
| Ritzys G D | RITZ | 5.50 | 5.00 | 5.00 | -.25 | -4.76 | 12.75 | 3.50 | .07 | -.53 | .62 | 6.99 | -.17 | -.11 | S | NE | -56.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 | 1283 |
| Rusty Pelican | RSTY | 16.38 | 15.63 | 16.00 | -.75 | -4.48 | 17.63 | 10.75 | .51 | .06 | -4.02 | 20.67 | .70 | .70 | F | NC | 72.0 | 4.0 | 22.9 | .00 | .0 | 00-00-00 | 30.1 | 1.2 | 1.0 | 6.76 | 2.54 | 0783 |
| Ryans Fam Steak | RYAN | 22.50 | 18.75 | 18.75 | -3.75 | -16.67 | 26.75 | 15.50 | .24 | -4.15 | 2.93 | 18.37 | .52 | .27 | S | 71.0 | 59.0 | 10.8 | 28.8 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 | 1283 |
| Saga Corp | SGA | 34.38 | 32.13 | 32.75 | -1.63 | -4.73 | 36.25 | 24.63 | -.04 | -.41 | -1.37 | -1.93 | 2.40 | .30 | F | 14.2 | 63.0 | 2.7 | 13.6 | .44 | 1.3 | 08-20-84 | 1131.0 | 31.0 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 9.00 | 8.00 | 8.00 | -.75 | -8.57 | 14.25 | 6.75 | .59 | -3.08 | 1.93 | -48.86 | .55 | -.15 | F | -21.4 | 7.0 | 2.7 | 14.5 | .00 | .0 | 00-00-00 | 25.6 | .7 | 1.5 | .08 | 5.38 | 0683 |
| Sea Galley | SEAG | 8.88 | 8.38 | 8.63 | -.13 | -1.43 | 11.75 | 7.50 | -.43 | -.40 | .64 | 40.45 | .23 | .86 | S | 600.0 | 20.0 | 1.2 | 9.9 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 | 1283 |
| Servico Inc | SRVI | 22.25 | 21.00 | 21.50 | -.50 | -2.27 | 24.50 | 13.50 | .13 | .98 | -1.37 | 12.83 | 1.19 | .89 | S | 156.1 | 19.0 | 2.5 | 14.7 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 | 1283 |
| Shoney's Inc | SHON | 31.50 | 30.00 | 30.00 | -1.75 | -5.51 | 33.50 | 20.00 | .05 | -.73 | -2.28 | 47.23 | 1.17 | .28 | S | 27.4 | -34.0 | 6.0 | 23.1 | .16 | .5 | 06-19-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 | 1083 |
| Shoney's So | SHNS | 20.75 | 19.75 | 20.25 | .25 | 1.25 | 20.75 | 13.75 | .32 | .33 | 4.66 | 27.11 | 1.24 | .44 | S | 45.3 | 33.0 | 3.5 | 14.4 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 | 1283 |
| Sizzler Rest Intl | SIZZ | 18.75 | 17.50 | 18.50 | .50 | 2.78 | 18.75 | 8.75 | 1.22 | 1.10 | 3.92 | -16.02 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 17.8 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 | 0483 |
| Skippers | SKIP | 10.75 | 10.00 | 10.75 | .75 | 7.50 | 13.25 | 8.00 | .45 | .98 | 1.50 | 7.23 | .81 | -.01 | S | -1.2 | 24.0 | 4.0 | 13.6 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 | 1283 |
| TGI Friday's | TGI | 12.13 | 11.25 | 11.63 | -.50 | -4.12 | 17.88 | 10.00 | .05 | .63 | -1.86 | 6.98 | .65 | .68 | Q | NC | 28.0 | 4.5 | 17.1 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 | 1283 |
| TGIF Texas | TEXF | 2.38 | 2.38 | 2.38 | .00 | .00 | 7.50 | 2.25 | -.22 | .44 | 4.76 | -50.56 | .06 | -.01 | Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 | 1283 |
| Transworld | TW | 29.25 | 28.50 | 28.88 | -.25 | -.86 | 33.53 | 19.19 | -.04 | .23 | -2.36 | 7.84 | 1.30 | 5.38 | S | 538.0 | 77.0 | 3.2 | 4.5 | .40 | 1.4 | 08-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 | 1283 |
| USACafes | USCF | 3.50 | 3.13 | 3.25 | -.13 | -3.70 | 5.25 | 2.75 | -.13 | -.31 | 6.32 | 12.37 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Vicorp Restaurants | VRES | 19.75 | 18.75 | 19.75 | .50 | 2.60 | 22.00 | 12.88 | .57 | .66 | -2.09 | 1.70 | .85 | .41 | S | 65.0 | 57.0 | 5.1 | 19.0 | .12 | .6 | 03-23-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 | 1083 |
| Victoria Stations | VSTA | 6.00 | 5.00 | 6.00 | .50 | 9.09 | 9.63 | 4.50 | -1.16 | 2.07 | 4.47 | -3.35 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 20.25 | 18.63 | 19.13 | -1.00 | -4.97 | 20.50 | 11.16 | -.01 | -.53 | -2.51 | 40.03 | 1.01 | .27 | S | 30.3 | 22.0 | 7.7 | 16.5 | .24 | 1.3 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 | 1283 |
| Wstn Steer | WSMP | 10.25 | 10.00 | 10.25 | -.25 | -2.38 | 13.50 | 9.00 | -.76 | .69 | 10.72 | -.43 | 1.02 | .07 | Q | 7.1 | 4.0 | 3.3 | 9.8 | .16 | 1.6 | 06-05-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 | 0284 |
| Winners Cp | WNR | 11.88 | 9.63 | 9.75 | -1.88 | -16.13 | 16.25 | 7.75 | -.26 | -2.67 | -.20 | 15.61 | .63 | .01 | S | 1.6 | 11.0 | 3.3 | 15.7 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | 1.2 | 10.32 | 

FINANCIAL NEWS

# Ponderosa 2nd-quarter net flat at $4.7M; blames breakfast bar

DAYTON, Ohio — With costs almost $2 million higher than normal from its breakfast bar rollout, Ponderosa Inc. posted flat year-to-year net profit of $4.7 million for the second quarter ended Aug. 9.

Second-quarter revenue rose 34% to $128.95 million on a 25% customer count gain, the company said.

Year-to-date, net profit was $9.2 million, a 20% increase, on revenue of $250.3 million, a 31% advance.

The company attributed stunted earnings on start-up costs stemming from the accelerated rollout of "The World's Biggest, Best Breakfast Buffet." Food and labor costs exceeded normal levels by about $1.35 million, and start-up advertising cost $530,000.

The company, which operates 436 family steakhouses and franchises another 218, said incremental sales from the breakfast bars were running $3,000 per week, $1,000 higher than anticipated.

In an effort to bring costs into line, late in the quarter the company raised its breakfast prices to $3.19 from $2.99 weekdays and to $3.79 from $3.59 weekends. Customer traffic, the company said, was not affected.

The breakfast buffet, scheduled for more than 400 company steakhouses and 90 franchised ones by the end of the fiscal year, is expected to produce over $60 million of new business annually and over $75 million systemwide, the company said.

Meanwhile the company opened four new Casa Lupita Mexican dinnerhouses, to bring the fledgling chain's census up to 13.

# Vicorp 3rd-qtr. net up 126% to $2.7M

DENVER — Fast-growing Vicorp Restaurants reported a 66% rise in profit to $2.67 million on a 126% revenue increase to $68.4 million in the third quarter ended July 22.

Operating results include the contributions of 59 Bakers Square restaurants purchased from Pillsbury in May 1983, when they were called Poppin Fresh, and 71 dinnerhouses acquired from Ralston-Purina's Foodmaker in February 1984.

Vicorp operates and franchises 335 restaurants, including Village Inn Pancake Houses, Bakers Square, Hungry Hunter, Mountain Jack's and Carlos Murphy's. A year ago there were only 191.

Profit and revenue jumps in the third quarter were attributable to the increased number of restaurants and improved operating efficiency, according to chairman Gordon H. Miles.

Vicorp is in the process of acquiring 183 Sambo's-owned restaurants and will convert most of them to Bakers Square and Village Inn units. One hundred twenty-one of the restaurants are in California, 46 in Florida, 13 in Arizona and three in Texas.

In addition, Vicorp has acquired the Perfect Pan of San Diego, Calif., which gives the company an entry into a more upscale dining segment. The Perfect Pan has six Piret's Restaurants—featuring pastries, pâtés and country French meals—as well as retail shops and cooking schools.

# Max & Erma's sells Cincy unit; plans to sell another

COLUMBUS, Ohio — In an effort to trim away unprofitable operations, Max & Erma's Restaurants Inc. has sold its Cincinnati unit and intends to sell its unit in Overland Park, Kan.

The company reported a $160,000 net loss on sales of $9.7 million for the latest six months. Without the two ailing restaurants, chief financial officer William Niegsch estimated, the company would have earned about $200,000 on sales of $8 million.

Niegsch said that all but one of the company's 10 other pubrestaurants were solidly profitable. The other one, he said, is break-even.

Max & Erma's are elaborately decorated, often 8,000-sq.-ft. restaurants and taverns that take 35% of their sales from the bar and 70% at dinner. The chain operates mainly in Michigan, Indiana, Kentucky, Ohio and Pennsylvania.

Niegsch said the Cincinnati restaurant, opened in 1977 and seating 165 people in almost 9,000 sq. ft., had suffered sagging traffic counts in recent years.

But the Overland Park unit, in a Kansas City suburb, was to be the prototype for all future Max & Erma's units.

STOCK MARKET UPDATE

# Losers lead gainers 51-33 as Dow Jones listings dip

NEW YORK — After holding their own when the stock market's summer rally paused, issues on the *Nation's Restaurant News* stock list (page 4) showed general retreat as the Dow Jones Industrial Average posted a slow two-week decline through Labor Day.

Restaurant stock losers outnumbered gainers, 51 to 33, with 15 unchanged. The Dow Jones in the same period slipped from about 1,232 to 1,209.

The biggest percentage price loser was Concept Development, slipping $2.25 per share to $10.50. The Godfather's franchisee reported earnings per share for the year ended July 1 of 69¢, compared to 4¢ the year before.

Peoples Restaurants led the gainers list, adding 25¢ to close at $1.50, after touching a 52-week low. The company in the prior two-week period had said that its deficits violated certain bank covenants.

Chi-Chi's topped the actives list, with almost 880,000 shares, or 3.3% of the outstanding stock, changing hands in the latest five trading days. Chi-Chi's closed down 63¢ to $16 after posting lower than expected first-quarter earnings of 19¢ per share, compared to 16¢ last year.

Ramada Inns, rumored to be considering a sale of its Atlantic City, N.J., Tropicana casino, added 50¢ to $7.25.

Among the leading losers, Kelly-Johnston slipped 88¢ to $4.13. Ryan's Family Steakhouse was down $3.75, to $18.75. Winners Corp., down $1.88, to $9.75. A&M Food Services, down 75¢, to $4.75.

Among the leading gainers, Beefsteak Charlie's, which opened a new concept prototype, closed up 38¢, to $3.38. Nathans, up 25¢, to $2.75. Associated Hosts, up $1.13, to $12.88. Victoria Stations, up 50¢, to $6.

# FINANCIAL JOTTINGS

## McD pays $1.15M for Sambo's unit

MIAMI — McDonald's Corp. recently paid $1.15 million, or over $38 per square foot, for a former Sambo's restaurant on Biscayne Boulevard here. It is the most money ever paid for a restaurant site in south Florida, according to appraisal records.

## Arthur Treacher's to buy outlets

YOUNGSTOWN, Ohio — Arthur Treacher's Inc. said it has agreed to buy six outlets from a Youngstown franchisee for an undisclosed amount of cash, forgiveness of debt and assumption of leaseholds. The stores were expected to add $1.7 million in revenue to the company, which operates 21 units and franchises 188.

## Holiday Inns sells $100M in notes

MEMPHIS — Holiday Inns Inc. said it is selling $100 million of expandable notes bearing a 13.25% coupon to July 1987, when the company can reset the interest rate and the maturity. Proceeds will retire some floating-rate debt and be used to purchase company stock.

## Twistee to open in Fla. college

CAPE CORAL, Fla. — Twistee Treat Corp., which operates three ice cream shops, said it has agreed with Daka Inc. of Wakefield, Mass., to install a shop at a Fort Myers, Fla., community college where Daka has the food-service management concession.

## J. P. Tuba to franchise in West

DEERFIELD BEACH, Fla. — John Phillip Tuba Corp., a 10-unit chain of ice-cream shops that feature robot entertainment, says it has agreed to establish a franchise for 12 Western states in which it is a 40% partner with BHH Capital Corp., a subsidiary of the Bank of Beverly Hills, Beverly Hills, Calif.

## Sandwich Chef buys back shares

BIRMINGHAM, Ala. — Sandwich Chef Inc., a 200-unit chain of lunch counters, said its board of directors has authorized the open market purchase of 50,000 shares of stock, or 4% of all shares outstanding. The move is apparently a reaction to the stock's low price following reports of stunted earnings.

## Buys units for $19 million

TORONTO — Scott's Hospitality Inc., the biggest Kentucky Fried Chicken franchisee in the world, said it has bought KFC outlets in Boston, Texas and Louisiana for a total of $19.1 million (Canadian).

## EARNINGS REPORT

| Company | Period | Period Ended | Revenues* | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|
| American Motor Inns | 12 mos. | 7/31 | $201.060 | 15.0 | $18.440 | 33.0 |
| | 3 mos. | 7/31 | 52.790 | 9.0 | 5.930 | 24.0 |
| American Restaurants | 3 mos. | 7/31 | 4.460 | 15.0 | 0.075 | – 84.0 |
| | 6 mos. | 7/31 | 8.960 | 31.0 | 0.224 | – 60.0 |
| Benihana National | 4 mos. | 7/15 | 13.990 | NA | 0.669 | NA |
| Carl Karcher Enterprises | 3 mos. | 8/10 | 80.740 | 16.0 | 4.290 | 27.0 |
| | 6 mos. | 8/10 | 178.830 | 18.0 | 8.830 | 32.0 |
| Chi-Chi's | 3 mos. | 7/31 | 47.990 | 24.0 | 5.010 | 27.0 |
| Collins Food Int'l | 3 mos. | 7/31 | 115.280 | 24.0 | 4.280 | – 39.0 |
| Concept Development | 12 mos. | 7/1 | 43.560 | 184.0 | 3.397 | 694.0 |
| | 3 mos. | 7/1 | 11.510 | 134.0 | 0.614 | 514.0 |
| Consul Corp. | 12 mos. | 5/31 | 63.740 | 98.0 | 2.343 | 104.0 |
| Cracker Barrel | 12 mos. | 7/31 | 56.860 | 25.0 | 2.730 | 33.0 |
| | 3 mos. | 7/31 | 17.300 | 23.0 | 1.280 | 22.0 |
| Cucos | 12 mos. | 7/31 | 3.353 | 38.0 | 0.192 | 46.0 |
| Denny's | 12 mos. | 6/29 | 1,216.039 | 15.0 | 44.748 | 11.0 |
| | 3 mos. | 6/29 | 306.996 | 13.0 | 11.132 | NC |
| El Chico Corp. | 3 mos. | 8/24 | 21.100 | 18.0 | 0.927 | NC |
| People's Restaurants | 12 mos. | 7/1 | 32.890 | 57.0 | (23.790) | |
| Prime Motor Inns | 12 mos. | 6/30 | 95.950 | 43.0 | 17.310 | 36.0 |
| | 3 mos. | 6/30 | 28.020 | 31.0 | 4.600 | 28.0 |
| Scott's Hospitality[c] | 3 mos. | 7/31 | 146.670 | 14.0 | 9.095 | 44.0 |
| Shoney's | 3 mos. | 8/5 | 117.800 | 20.0 | 8.213 | 30.0 |
| | 9 mos. | 8/5 | 360.030 | 21.0 | 21.925 | 30.0 |
| Vicorp | 3 mos. | 7/22 | 68.420 | 126.0 | 2.670 | 66.0 |
| | 9 mos. | 7/22 | 157.380 | 165.0 | 5.752 | 97.0 |
| Vie De France | 12 mos. | 6/30 | 55.170 | 28.0 | 5.860 | 35.0 |
| | 3 mos. | 6/30 | 14.910 | 32.0 | 1.810 | 55.0 |

Source: *Company earnings reports*

*NA = Not Available*
*[c] = Canadian Dollars*
*NC = No Change*
*— loss in corresponding period*
** In millions*

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- ***Dallas market study—Pp. 139-194***
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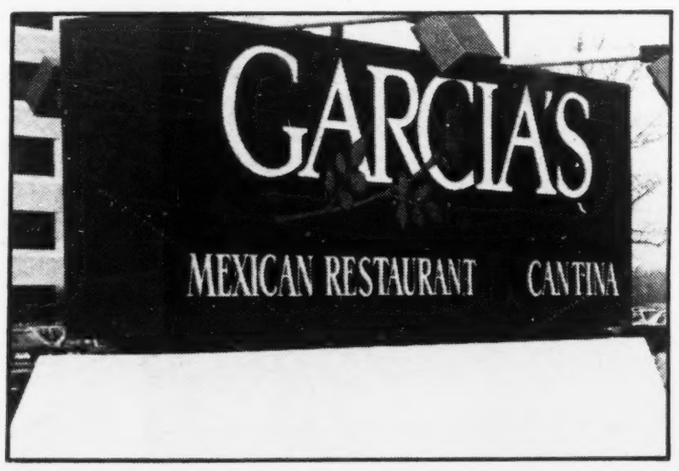


**Throughout the Mexican dinnerhouse segment, competition, weakened financial support, overeager planning and restrictive legislation have all taken their toll.**

## *Mexican dinnerhouses scramble to regain momentum, stability*

**By Charles Forman**

Stiffening competition and a rash of missteps by major players have cast a pall over the Mexican dinnerhouse segment. Support in the financial community has dimmed, and operators themselves are worrying about regaining "stability" and "control."

While still projecting enormous unit expansion, executives are scurrying to replan menus, marketing programs and restaurant operations.

Attention in recent weeks has centered on a statement by Chi-Chi's chairman and chief executive officer, Shelly Frank, that a 27% jump in first-quarter 1985 net profit over the previous year was "below expectations."

Evidence was already pouring in, however, that unbridled hopes voiced for the segment just a year or two ago were at least temporarily checked.

In the words of one top executive, "Acapulco was blown out of the Midwest, Garcia's has been unprofitable or only marginally so, Kelly-Johnston [a Chi-Chi's licensee] failed to

*(Continued on page 284)*

*WHITE-TABLECLOTHERS SUFFERING*

## Lunchtime traffic down nationwide

**By Richard Martin**

Customer counts in white-tablecloth restaurants all over the nation are flagging, depressed in large part by the changing lunchtime habits of patrons who seem increasingly aware of health, price and time constraints.

An informal polling of operators reveals a subtle, but nonetheless measurable, defection of customers from high-end establishments that traditionally have offered calorie-rich dishes.

The generally lower lunchtime customer counts are "happening everywhere," says Ella Brennan, managing director of Commander's Palace in New Orleans. The perceived convenience of quick-service restaurant alternatives and the more frequently made decisions of diners to "save their calories for dinner" are among the reasons, Brennan says.

In Denver, chef-proprietor Jack Leone of stylishly pricey Café Giovanni says, "More

*(Continued on page 284)*

## *Chains battle for Italian market*

**By David Zuckerman**

ROCKY MOUNT, N.C. — When Hardee's parent Imasco revealed plans recently to acquire Louisville, Ky.-based Grisanti Inc., a battle that has been quietly brewing for some time was thrust into the spotlight. Which chains will control the wide-open Italian dinnerhouse field on a grand scale?

Imasco has targeted the Mamma Grisanti concept to fill that role while Collins Foods' recently acquired Josephina's must be considered a strong contender. Jerrico, which lost out in bids for both Grisanti and Josephina's, is scrambling to find an Italian concept of its own. And General Mills has quietly expanded its Olive Garden. Burger King, too, is reportedly in the field of hunters.

Meanwhile independents like the St. Louis-based Pasta House Co. and New Jersey-based Pastabilities by Celentano are vying for a piece of the action on a regional basis.

With the success of moderately priced Mexican operations like Chi-Chi's and El

*(Continued on page 284)*

## *NRN* launches weekly, sets MUFSO records

NEW YORK — *Nation's Restaurant News* launches its new weekly newspaper with this issue, after 18 years as one of the most successful biweekly publications in the country. The weekly format starts off with several flourishes:

- A new record for *NRN* and its parent corporation, Lebhar-Friedman, as the heftiest issue in the company's history: 286 pages. Also, a record 160,000 lines of display advertising and 24 pages of classified advertising.
- A more readable, slightly smaller page size, and new columns, special features and departments, as well as stepped-up news coverage of the entire nation.
- The largest Multi-Unit Food Service Operators (MUFSO) conference in the 25 years that *Chain Store Age Restaurant* magazine and then *NRN* (beginning in 1967) have sponsored the conference. More than 1,000 people—most of them influential chain executives—were registered for MUFSO at the Dallas Loews Anatole from Sept. 30 through Oct. 3. This exceeds last October's some-1,000 attendance.

INSIDE *NRN*


**INDEPENDENTS** celebrated at the annual Travel Holiday Awards get-together in Seattle . . .14-16

**HAPPY HOUR** is just a memory at six Massachusetts El Torito restaurants . . . . . .24

**BIG FOUR** Restaurants in Phoenix has high hopes for its new multiunit concept . . . . . 101-103

**JAPAN** is a thriving market for some, but newcomers should take a long-term approach . . . . . 201-210

INDEX

| | | | |
|---|---|---|---|
| Financial | 4, 5 | Inside Purchasing | 110 |
| Opinion | 6, 9 | Internal Security | 113 |
| Spotlight on Finance | 11 | International News | 201-210 |
| Computers & Food Service | 58 | People | 249 |
| Managing Human Resources | 70 | Manufacturer News | 253 |
| Advertising & Promotions | 81, 82 | New Products | 254 |
| Food Trends | 93, 94 | Classified | 259-282 |


*STEERING A NEW COURSE*

## Fuller replaces Jackson at Mr. Steak

DENVER — Michael T. Fuller, former head of Howard Johnson's Ground Round dinnerhouse operation, has replaced Richard S. Jackson as president and chief operating officer of Mr. Steak Inc.

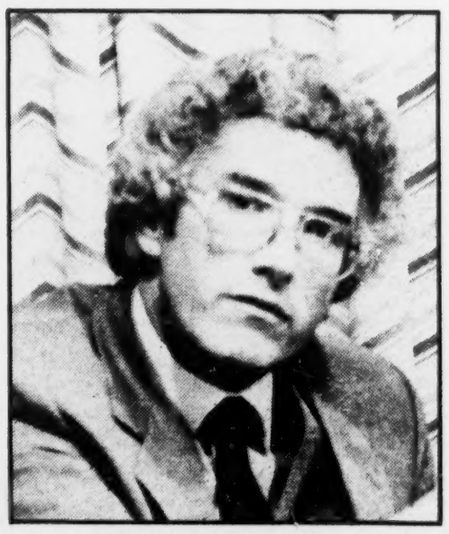
In his new post, Fuller faces the difficult task of restoring the 235-unit steakhouse chain and its meat-processing and distribution subsidiaries to profitability in the throes of an extremely difficult year.

Just one year ago, under Jackson, Mr. Steak appeared poised for recovery, bolstered by a mild winter, a letup in the recession and a new high-margin Steaklover menu line. Third-quarter profit soared more than 1,000% over 1982 results.

But the reversal proved short-lived. In this year's third quarter, ended July 1, Mr. Steak registered a net loss of $563,000 and, for the 39-week period, losses totaled $535,000. If not for a marginally profitable first quarter, during which income climbed 2.3%, the picture would be worse.

Much of the current downturn, according to company sources, can be attributed to a fall in beef prices, which impacted heavily on the company's meat-processing division. Sale of products to franchisees have traditionally played a crucial role in the health of Mr. Steak's bottom line.

Nevertheless, the company's restaurants have failed to produce a significant and sustainable growth pattern for several years now, and a complete overhaul may be in order.



**Michael T. Fuller**

# 'Flat traffic' curtailing Godfather's growth

## *Parent Diversifoods taps Jefferson for turnaround try*

**By Don Jeffrey**

COSTA MESA, Calif. — Godfather's Pizza, tapped as the primary growth vehicle for parent Diversifoods, has been stymied by declining profits and flat sales because of whirlwind corporate changes, ineffective marketing and a disappointing pan pizza rollout.

With the rollout, Godfather's was trying to regain momentum lost in the past three years, in part because it was so late in introducing pan pizza, considered to be the most important new product in the segment in recent years. The bigger chains report that pan sales account for 40% to 60% of all pizza revenue.

As the rollout was heading toward completion, Godfather's had to shelve its original recipe because unexpectedly high costs outweighed sales gains, depressing margins. A lower-cost pan pizza was substituted.

Godfather's poor results this year have been, in one observer's words, a "major stumbling block" to Diversifoods as it has tried to fulfill the high expectations raised after it was formed from the merger of Godfather's and Chart House late last year.

The parent's problems forced its highly praised chief executive, Don Smith, to admit to securities analysts recently that he was "disappointed" with his company's performance. The Illinois-based company also franchises Burger King and operates its own Luther's, Chart House and Moxie's restaurants.

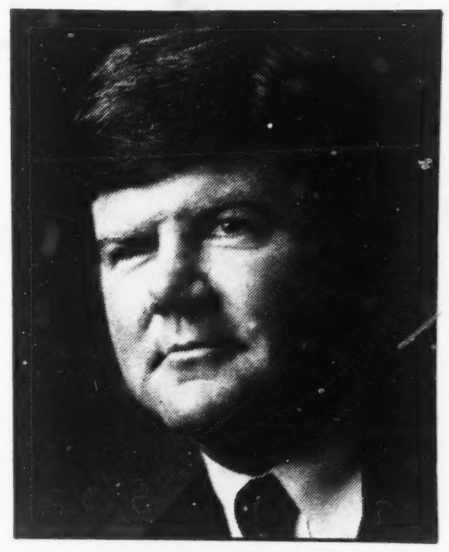
Diversifoods, alarmed that Godfather's was not turning around, made a significant executive shift this summer, moving pizza veteran Everett Jefferson from the presidency of Luther's to the presidency and chief operating officer's position at Godfather's in order to shore up company-store operations. The company said this move freed chief executive officer Charles Boppell to concentrate on long-range planning and strategies, product development and franchising.

Neither executive was available for comment. Both have held senior positions at Godfather's top rival, Pizza Hut, which has about 4,400 units and estimated system sales of nearly $1.9 billion, compared to Godfather's 1,000-plus units and projected system sales of $440 million.

The chain's unit expansion goal of adding 140 units this year will not be realized, largely because 36 Godfather's operated by Sambo's in the Los Angeles area have been bought by Vicorp and will be closed.

Home delivery, termed the hottest trend in the pizza segment, was to be given a significant test next year, but, in light of overall problems now, it has to be rated as a lower priority.

Despite all the dire signs, industry leaders and observers are still optimistic. Analysts continue to recommend Diversifoods stock, and top players like Jack Harris, executive vice president of Godfather's biggest franchisee, 115-unit Concept Development, express confidence that the Boppell-Jefferson team can turn the chain around.



**Charles Boppell**
*chairman, ceo*
*Godfather's*

Diversifoods spokesman Ken Pieper said that the turn-

*(Continued on page 283)*

COMMODITIES

# Sugar prices slumping due to overproduction

**By Gary S. Friedman**

Do you suppose anyone went short buggy whips in the early days of the automobile?

The world sugar market and its relationship to those new sugar substitutes is not an analogous situation, even though sugar is losing market share and prices are flirting with a near 13-year historical low. In 1975, 75% of all domestic consumption of sweetener products was sugar. Last year that figure fell to 57.4%, with high-fructose corn syrup, dextrose and glucose picking up most of the slack. Newer sweetener substitutes have as yet to make a significant market impact.

World sugar, not the New York market, is the real barometer of sugar prices. Prices are now below 4¢ per pound. The high for the year was touching the 6½¢ level. That's quite a tumble if you realize that in 1974 sugar was trading at 65¢ per pound and in 1980 at 35¢ per pound.

More than a few commodity houses are putting a big push on marketing the idea of a sugar rebound just based on these dismal prices against the historicals. They also point to the fact that sugar prices are somewhat cyclical. Christmas and Easter are to sugar what summer barbecues are to broilers.

Analysts to the contrary aren't sold. The entry of the heavily marketed Aspartame in the industries that traditionally use sugar doesn't serve as a countervailing argument against price rises. (Aspartame, the new sugar substitute, only 180 times sweeter than sugar, as opposed to saccharin at 300 times sweeter, is just now coming under medical scrutiny for its chemical reaction to heat. The heaviest market penetration is expected in the United States and Japan.)

Two of the biggest producers are Cuba and Brazil. Despite cheap prices, and an estimated 38 million metric tons in carryover this year, Cuba is raising its production goal for next year by one million metric tons, to nine million.

An attempted agreement in 1977 between major sugar-producing nations failed because no one wanted to give up any sales for fear of not generating much-needed income and creating even more unemployment at home.

It's not new sweeteners that are depressing prices. It's the same reason why so many commodities prices are in a slump today: overproduction in a falling market. Don't think this is limited to foreign countries. A quick look at the economic troubles in the Farm Belt here reveals similar problems.

### *PRICE MOVEMENT AT A GLANCE*

| Cash Prices | 9/20/83 | 9/20/84 |
|---|---|---|
| Sugar cane, world, lb., fob | $ 8.98 | $3.73 |
| Sugar cane, raw, N.Y., lb, del. | 2.199¢ | 2.169¢ |
| Eggs, lg., white, Chicago, dozen | 0.75 | 0.67-0.69 |
| Beef, 700-900 lb., mid-U.S., lb., fob | 0.90 | 0.95 |
| Hams, 17-20 lb., mid-U.S., lb., fob | 0.76 | 0.75 |
| Flour, HRW, Kansas City, cwt | 10.60 | 9.80 |

*Source:* NRN *Research*

# *ARA management buyout plan would focus on food service*

**By Rick Telberg**

PHILADELPHIA — The proposed management buyout of ARA Services Inc. could spell a course change for the company, thrusting it back into its basic business—food-service management.

A management group of 60 to 85 senior executives, led by ARA chairman and chief executive Joseph Neubauer, is offering stockholders $62 in cash, plus $8.50 face-amount, 15-year, 16.5%-coupon debentures—an indicated value of $874.2 million.

Top-level insiders moved to take the company private after hotly rebuffing an unsolicited bid from a group led by former ARA executive William Siegel, who offered $60 per share for ARA's 12.4 million shares, or about $738 million.

Siegel, now an investor with interests in oil wells, was named by *Nation's Restaurant News* readers as Multi-

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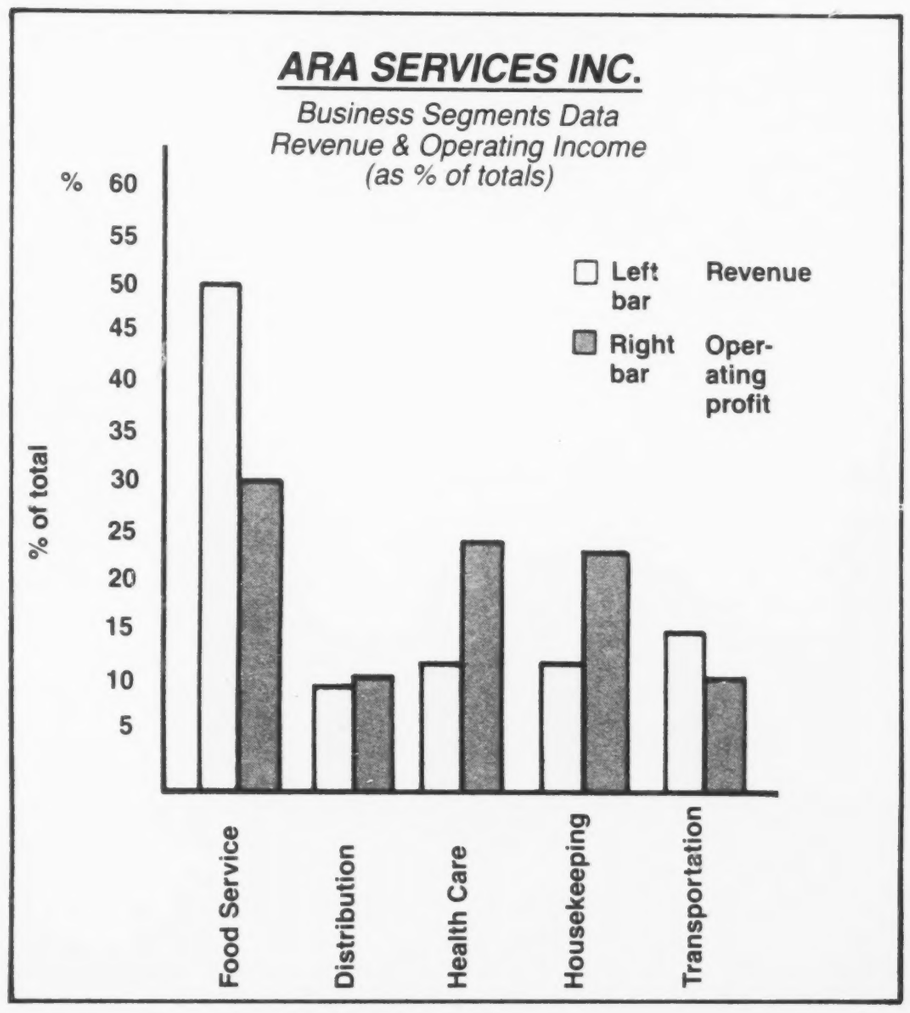



# Romano to resign as Fuddruckers' ceo; Baumhauer named as his replacement

**By Joe Edwards**

SAN ANTONIO — Philip J. Romano, a 45-year-old entrepreneur who built Fuddruckers into one of the fastest-growing and most closely watched New Wave burger chains, is resigning on New Year's Day as $250,000-a-year president and chief executive.

He will be replaced by William H. Baumhauer, the 35-unit chain's executive vice president and chief operating officer. Baumhauer, a former accountant and partner with Laventhol & Horwath, a lodging industry consulting firm, joined Fuddruckers in June 1983.

With his resignation, Romano will join other young entrepreneurs who founded upscale chains but then stepped aside to make way for professional corporate managers as their concepts expanded rapidly.

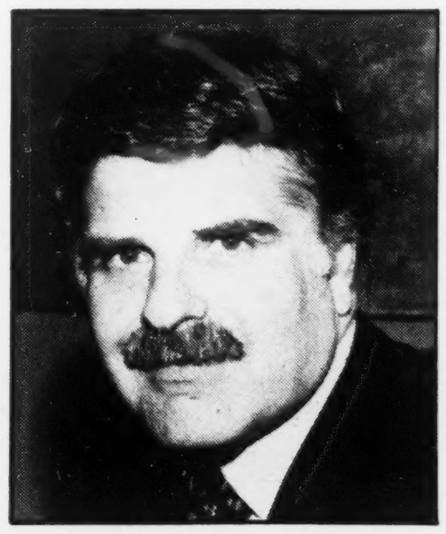
Chili's founder, Larry Lavine, 40, sold part of his stake in that Dallas-based burger chain in 1983 to Norman Brinker, former head of Pillsbury's S & A Restaurant Co. and Burger King. Brinker is now Chili's chairman and chief executive.

Chandler, the one-name founder of Spoons, sold that upscale burger chain to Saga Corp. last year at about the same time that William Palmer's Atlanta-based T. J. Applebee's was acquired by W. R. Grace & Co. Lavine and Chandler are still involved in their respective chains; Palmer is an Applebee's franchisee.

As Fuddruckers expands far beyond its Texas home base, it is faced with quality-control challenges and the formidable task of hiring and training enough field supervisors and unit managers. It also confronts stiff competition for sites, customers and employees from numerous other chains with similar concepts.

Fuddruckers is a casual, upscale semi-self-service res-

*(Continued on page 283)*



**Philip Romano**

## FINANCIAL NEWS

# Tropicana sale is O.K.'d in N.J.

PHOENIX — Ramada Inns Inc. said New Jersey gaming authorities have approved its plan to sell and lease back its financially burdensome Tropicana Hotel and Casino in Atlantic City, N.J.

Unexpectedly high construction costs at the 521-room property and early deficits were among prime reasons for Ramada's huge debt buildup in recent years, which, in turn, diverted funds from maintaining the 600-property Ramada chain of hotels in top-notch condition.

Recently, however, the Atlantic City Trop has generated tremendous sales gains and is becoming increasingly profitable.

### Strategy

Ramada plans to sell the Tropicana to a group of investors for $244 million, receiving proceeds of $213 million. Ramada didn't explain the $31 million difference.

Ramada reportedly spent $306 million to develop the property in 1981. Carried on its books at $281 million, the Trop accounts for half of Ramada's fixed assets.

The company said about $70 million of its $213 million proceeds would be used to pay off the Trop's first mortgage and other debts.

The rest of the proceeds, $143 million, was earmarked for "corporate development."

## Kentucky Nuggets seen as a threat to McNuggets

SAN FRANCISCO — A securities analyst here has calculated that if Kentucky Fried Chicken finds success with a chainwide rollout of its Kentucky Nuggets, McDonald's sales and earnings might be affected.

John Weiss, of Montgomery Securities, says Chicken McNuggets account for about 10% of McDonald's systemwide sales in the United States. Kentucky Fried Chicken is testing a similar product in about 300 stores.

Though admitting "it is impossible to precisely determine the impact on McDonald's from the possible rollout of Kentucky Nuggets," Weiss says, "it appears that the Kentucky Nuggets might reduce McDonald's system sales by 0.5%.

## FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

# Losers top winners amid investors' uncertainty

(Continued from page 2)

ment was offering $70.50 per share to take the company private in a leveraged buyout.

Uncertainty swirled around another management buyout candidate as Denny's slipped $1.88 to $38.75. Denny's executives had yet to announce financing for their planned $45-per-share offer.

Diversifoods, amid disappointing reports in Godfather's and Luther's, lost $1, to $11.75.

The leading loser was One Potato Two, plunging $2.13 to $4.13. The company posted new deficits. See Spotlight on Finance, Page 11.

As Prime Motor Inns tendered its $21.50-per-share offer for American Motor Inns, PMI rose $1.13 to $23.88 and AMI slipped 50¢ to $20.75.

Walt Disney Productions gained $5.38, to $63, as former takeover target Gibson Greetings agreed to forgo a damages payment as a result of the canceled merger.

Among the leading losers, Concept Development dove $2.25, to $8.25. Capt. Crab sank 50¢, to $2. Winners Corp., $1.88, to $7.88. Peoples Restaurants, 25¢, to $1.38. Po Folks, $2.13, to $13. Victoria Stations, 75¢, to $5. Sea Galley, 88¢, to $7.38. G. D. Ritzy's, 50¢, to $4.50.

Among the leading winners, Calibre Corp. jumped $1, to $5. USA Cafes, up 63¢, to $3.88. Hungry Tiger, 50¢, to $5.50. Pillsbury, $3.50, to $41.38. General Mills, $4.88, to $59. Southern Hospitality, 25¢, to $4.38, on earnings news.

### VOLUME LEADERS

| Company Name | The Week's Volume (100's) | Company Name | The Week's Volume (100's) |
|---|---|---|---|
| Diversifoods | 21,215 | Chi – Chi's | 5,195 |
| Disney, Walt | 14,621 | McDonald's Cp | 4,687 |
| PepsiCo Inc | 8,517 | Pillsbury Co | 3,688 |
| ARA Services | 7,347 | Holiday Inns | 3,653 |
| Wendys Intl | 7,037 | Ramada Inns | 2,914 |

### TOP FIVE GAINERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| ARA Services | 7,347 | 66.13 | + 25.1 |
| Calibre Cp | 68 | 5.00 | + 25.0 |
| USACafes | 247 | 3.88 | + 19.2 |
| Hungry Tiger | 267 | 5.50 | + 10.0 |
| Disney, Walt | 14,621 | 63.00 | + 9.3 |

### TOP FIVE LOSERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Two Weeks |
|---|---|---|---|
| 1 Potato 2 | 213 | 4.13 | – 34.0 |
| Concept Dev | 227 | 8.25 | – 21.4 |
| Capt Crab Inc | 2,330 | 2.00 | – 20.0 |
| Winners Cp | 1,685 | 7.88 | – 19.2 |
| Peoples Rest | 2,531 | 1.38 | – 15.4 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 09/07/84 - 09/19/84 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| A&M Food Svcs | AMFD | 4.75 | 4.38 | 4.75 | -.25 | -5.00 | 8.75 | 4.00 | -.47 | 1.73 | 1.70 | -8.14 | .40 | -.06 | S | -13.3 | 6.0 | 4.3 | 12.2 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 |
| Acapulco Rest | ALAR | 4.50 | 4.50 | 4.50 | .00 | .00 | 6.75 | 3.88 | -.16 | .07 | -1.90 | -3.29 | -2.05 | -1.90 | S | -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 |
| Allegheny Bev | ABEV | 16.38 | 15.63 | 15.63 | -.75 | -4.58 | 18.75 | 13.44 | -.06 | -.75 | .87 | -60.33 | 1.67 | .00 | S | .0 | 33.0 | 2.1 | 10.0 | .40 | 2.6 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 9.98 |
| Am Motor Inns | INN | 21.00 | 20.38 | 20.75 | -.50 | -2.35 | 21.75 | 12.50 | .34 | .08 | -6.99 | 7.38 | 1.26 | .01 | S | .8 | 34.0 | 8.6 | 18.2 | .16 | .8 | 08-09-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 |
| ARA Services | ARA | 67.50 | 52.75 | 66.13 | 13.25 | 25.06 | 67.50 | 40.25 | .84 | .73 | 7.50 | -33.05 | 4.37 | 1.11 | N | 28.9 | -1.0 | 1.7 | 13.4 | 2.10 | 3.2 | 08-27-84 | 3056.6 | 52.0 | 1.1 | 23.29 | 46.15 |
| Assoc Hosts | AHST | 15.00 | 14.00 | 14.75 | .50 | 3.51 | 17.00 | 10.50 | 1.04 | -.42 | 6.01 | 9.09 | .72 | .46 | S | 115.0 | 1.0 | 3.6 | 17.2 | .12 | .8 | 09-11-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 |
| Beefsteak Char | BCS | 3.50 | 3.25 | 3.38 | .00 | .00 | 5.88 | 2.63 | .52 | -.29 | 2.37 | 5.03 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 |
| Bob Evans Farms | BOBE | 18.75 | 18.00 | 18.25 | -.75 | -3.95 | 24.25 | 14.75 | .25 | -.02 | -6.45 | -12.72 | .98 | .09 | F | 10.1 | 16.0 | 8.0 | 18.6 | .30 | 1.6 | 08-06-84 | 201.7 | 16.1 | 3.0 | .00 | 5.54 |
| Brock Hotel Cp | BHC | 4.88 | 4.38 | 4.50 | .13 | 2.86 | 7.63 | 4.25 | -.30 | -.78 | -2.00 | 8.29 | .17 | -.04 | S | -22.2 | -10.0 | .7 | 32.1 | .10 | 2.2 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 |
| Calibre Cp | CLBR | 5.00 | 4.00 | 5.00 | 1.00 | 25.00 | 10.75 | 3.25 | .10 | 4.14 | 2.62 | 25.41 | .07 | -.20 | S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 |
| Calny Food | CLNY | 9.50 | 8.75 | 8.75 | -.25 | -2.78 | 10.75 | 7.25 | .06 | -.93 | 3.94 | 75.12 | .52 | .13 | Q | 27.6 | 6.0 | 4.8 | 14.6 | .16 | 1.8 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 |
| Capt Crab Inc | CRAB | 2.38 | 1.88 | 2.00 | -.50 | -20.00 | 7.38 | 1.63 | -.23 | -2.01 | .80 | 10.94 | .00 | -.05 | N | NC | -67.0 | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 |
| Carrols Cp | CRL | 9.88 | 9.38 | 9.63 | -.13 | -1.28 | 10.88 | 7.13 | .44 | -.13 | -2.22 | 7.18 | .68 | .18 | F | 36.0 | 117.0 | 3.7 | 14.2 | .05 | .5 | 12-23-83 | 123.1 | 4.6 | .8 | 3.66 | 2.42 |
| Chi-Chi's | CHIC | 16.50 | 14.63 | 15.00 | -1.38 | -8.40 | 29.00 | 12.50 | -.40 | -2.66 | 1.15 | -11.30 | .66 | .26 | F | 65.0 | 121.0 | 10.3 | 22.7 | .00 | .0 | 09-28-83 | 161.7 | 16.7 | 2.6 | 1.87 | 1.62 |
| Chilis Inc | CHLI | 24.25 | 21.25 | 21.75 | .50 | 2.35 | 24.25 | 12.75 | .89 | -2.39 | .49 | -33.37 | .29 | .17 | N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 |
| Ch Full O Nut | CHF | 10.00 | 9.25 | 9.38 | -.63 | -6.25 | 20.28 | 8.50 | -.18 | -.96 | 2.42 | 23.92 | .62 | -.20 | N | -35.7 | -6.0 | 2.9 | 26.0 | .48 | 5.1 | 06-29-84 | 111.6 | 3.2 | 2.9 | .34 | 6.69 |
| Churchs Fr Ch | CHU | 27.75 | 26.38 | 26.88 | .00 | .00 | 32.50 | 21.25 | -.20 | -.35 | -5.93 | -19.06 | 1.66 | -.62 | Q | -28.0 | .0 | 6.8 | 16.9 | .80 | 3.0 | 07-23-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 |
| Collins Foods | CF | 25.00 | 23.75 | 24.88 | .88 | 3.65 | 25.00 | 14.88 | .56 | .57 | -3.30 | .00 | 1.77 | .30 | F | 20.4 | 36.0 | 3.9 | 14.1 | .24 | 1.0 | 09-24-84 | 393.3 | 15.4 | 2.1 | 7.26 | 11.44 |
| Concept Dev | CDII | 10.50 | 8.00 | 8.25 | -2.25 | -21.43 | 17.69 | 8.00 | -2.42 | -7.60 | 5.15 | 38.26 | .06 | .06 | N | NC | 116.0 | 1.3 | NM | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 |
| Consul Corp | CNSL | 8.75 | 7.88 | 7.88 | -.63 | -7.35 | 18.38 | 7.50 | -.46 | -2.14 | -5.26 | 8.52 | .32 | .06 | F | 23.0 | 35.0 | 2.2 | 24.6 | .00 | .0 | 00-00-00 | 63.7 | 1.4 | 5.0 | 1.08 | 5.67 |
| Cracker Barrel | CBRL | 19.50 | 18.75 | 19.00 | -.50 | -2.56 | 25.75 | 15.75 | -.96 | .49 | -.67 | -3.02 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 20.4 | .14 | .7 | 09-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 |
| Cucos Inc | CUCO | 3.75 | 3.75 | 3.75 | .00 | .00 | 5.00 | 3.50 | -.36 | .09 | -4.88 | -20.69 | .19 | .19 | N | NC | 38.0 | 8.3 | 19.7 | .00 | .0 | 00-00-00 | 2.4 | .2 | .7 | 20.00 | 50.00 |
| Denny's Inc | DEN | 41.25 | 38.50 | 38.75 | -1.88 | -4.62 | 41.38 | 30.25 | .05 | -.69 | -.55 | 22.49 | 2.54 | .26 | N | 10.3 | 12.0 | 3.8 | 13.9 | .72 | 1.9 | 09-04-84 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 |
| Disney, Walt | DIS | 64.50 | 56.50 | 63.00 | 5.38 | 9.33 | 68.50 | 45.25 | .27 | 1.38 | 3.57 | 18.73 | 2.70 | .21 | N | 7.3 | -3.0 | 7.1 | 20.7 | 1.20 | 1.9 | 09-13-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 |
| Diversifoods | DFDI | 13.38 | 11.13 | 11.75 | -1.00 | -7.84 | 19.63 | 10.50 | -.43 | -.58 | 5.10 | -11.99 | .99 | -.13 | S | -11.7 | 63.0 | 6.8 | 12.0 | .17 | 1.4 | 06-22-84 | 484.3 | 32.9 | 1.1 | 2.68 | 5.48 |
| Dunkin Donuts | DUNK | 25.00 | 24.13 | 25.00 | .63 | 2.56 | 26.25 | 18.13 | -.06 | .60 | -4.44 | -13.32 | 1.62 | .25 | N | 15.9 | 23.0 | 10.2 | 13.7 | .32 | 1.3 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 |
| El Torito Rest | ET | 14.38 | 13.63 | 13.88 | -.25 | -1.77 | 14.63 | 9.00 | .33 | -.28 | -.43 | -17.42 | .68 | .85 | S | NC | 43.0 | 4.1 | 16.3 | .00 | .0 | 00-00-00 | 210.7 | 8.6 | .5 | 4.97 | 4.76 |
| Esteban Foods | ESTB | 1.88 | 1.88 | 1.88 | -.13 | -6.25 | 5.00 | 1.75 | -.54 | .00 | -.17 | 63.77 | .09 | .09 | S | NC | 22.0 | 1.9 | 20.8 | .00 | .0 | 00-00-00 | 10.3 | .2 | 1.3 | .73 | .81 |
| Fast Food Oper | POPI | 1.13 | 1.06 | 1.06 | -.06 | -5.56 | 2.88 | 1.00 | -1.64 | .00 | -3.60 | 13.42 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 17.7 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 |
| Flakey Jakes | FJAK | 8.13 | 7.75 | 8.00 | -.13 | -1.54 | 9.13 | 4.00 | .06 | .82 | .06 | 20.91 | -.15 | -.15 | S | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 |
| Frisch's | FRS | 31.63 | 30.13 | 30.13 | -1.75 | -5.49 | 32.94 | 24.00 | -.17 | -.69 | .49 | 4.35 | 2.21 | .29 | F | 15.1 | 22.0 | 4.0 | 13.6 | .40 | 1.3 | 10-01-84 | 124.0 | 4.9 | 1.3 | 5.73 | 14.56 |
| Fuddruckers Inc | FUDD | 14.75 | 14.38 | 14.50 | .75 | 5.45 | 17.50 | 9.25 | .99 | -.13 | -.40 | -28.30 | .06 | .02 | Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 |
| Garcias Scot | GMEX | 4.00 | 3.50 | 3.75 | -.25 | -6.25 | 10.13 | 3.50 | -.84 | -.60 | -1.35 | 2.17 | -.48 | -.09 | Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 |
| Gen Mills | GIS | 59.25 | 53.63 | 59.00 | 4.88 | 9.01 | 59.25 | 41.63 | .15 | .99 | 1.88 | -17.89 | 4.98 | .09 | F | 1.8 | 15.0 | 4.2 | 11.8 | 2.24 | 3.8 | 07-03-84 | 5600.8 | 233.4 | 1.2 | 8.01 | 27.05 |
| Good Taco | TACO | 3.00 | 2.75 | 2.75 | .00 | .00 | 7.38 | 1.50 | -.22 | -.35 | 1.39 | 24.83 | -.72 | -.39 | Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 |
| Hamborg Hamlet | HAMB | 10.75 | 10.75 | 10.75 | .00 | .00 | 11.25 | 9.50 | -.13 | .12 | -2.31 | -25.00 | 1.54 | 2.64 | F | NE | -14.0 | 3.1 | 7.0 | .00 | .0 | 00-00-00 | 35.5 | 1.1 | 1.0 | 20.86 | 11.96 |

**Footnotes:**

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

# FINANCIAL NEWS

## Rusty Pelican net up 48% in fiscal '84

IRVINE, Calif. — A new Chicago dinnerhouse and 9% sales gains in other units helped Rusty Pelican Restaurants Inc. to post a 48% jump in net profit, to $1.8 million, for the year ended July 29.

Revenue rose 21% to $36.5 million for the year.

In the final quarter, net profit was $717,000, a 55% gain, and revenue was $11.9 million, a 31% advance.

Rusty Pelican operates a 14-unit chain of restaurants.

## EARNINGS REPORT

| Company | Period | Period Ended | Revenues* | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|
| 1 Potato 2 | 3 mos. | 8/15 | $ 3.290 | 89.0 | $(0.551) | NA |
| | 6 mos. | 8/15 | 7.120 | 92.0 | (0.963) | NA |
| Beefsteak Charlie's | 3 mos. | 8/4 | 19.900 | – 15.0 | (0.387) | NA |
| | 9 mos. | 8/4 | 68.680 | – 9.0 | (1.660) | NA |
| Calny Inc. | 3 mos. | 8/11 | 13.010 | 24.0 | 0.544 | 6.0 |
| | 6 mos. | 8/11 | 24.990 | 25.0 | 1.403 | 65.0 |
| Nankin Express | 3 mos. | 7/31 | 0.186 | 175.0 | (0.210) | NA |
| | 6 mos. | 7/31 | 0.351 | 138.0 | (0.334) | NA |
| Rusty Pelican | 12 mos. | 7/29 | 36.490 | 21.0 | 1.833 | 48.0 |
| | 3 mos. | 7/29 | 11.850 | 31.0 | 0.717 | 55.0 |
| Southern Hosp. | 3 mos. | 8/31 | 10.670 | 33.0 | 0.376 | 37.0 |
| Topsy's Int'l | 12 mos. | 7/28 | 15.990 | – 2.0 | 0.415 | 32.0 |
| | 3 mos. | 7/28 | 3.780 | 11.0 | 0.214 | 336.0 |
| Western Steer | 3 mos. | 8/10 | 10.300 | 30.0 | 0.084 | – 64.0 |
| | 6 mos. | 8/10 | 19.840 | 26.0 | 0.413 | – 9.0 |

Source: *Company earnings reports*

*NA = Not Available* *— loss in corresponding period* ** In millions*

# FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Sept. 19 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | | | | | | | Last Fiscal Year (Per Share) | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | Amt. | Pct | | | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Long Term Debt | Common Stock Equity |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | | | | | | Amt. | Yield | | Revenue | Earnings | | | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| Hilton Hotels | HLT | 52.50 | 49.38 | 50.75 | .75 | 1.50 | 59.50 | 45.50 | -.11 | -.24 | .66 | 9.79 | 3.20 | .30 S | 10.2 | -1.0 | 14.0 | 15.7 | 1.80 | 3.5 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 |
| Holiday Inns | HIA | 40.25 | 38.63 | 39.38 | .25 | .64 | 57.25 | 37.25 | -.61 | -.15 | -.12 | -8.71 | 3.28 | .41 S | 14.1 | 12.0 | 7.8 | 11.9 | .90 | 2.3 | 09-05-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 |
| Horn & Hardart | HOR | 14.00 | 12.25 | 12.50 | -1.00 | -7.41 | 26.28 | 10.72 | -.39 | -1.84 | -1.17 | 5.87 | 1.09 | .35 Q | 46.6 | 71.0 | 4.0 | 11.4 | .00 | .0 | 08-15-84 | 339.7 | 13.5 | 1.1 | 3.04 | 7.86 |
| Hungry Tiger | HTIG | 5.50 | 4.88 | 5.50 | .50 | 10.00 | 9.75 | 4.25 | -.65 | .54 | .53 | -3.40 | .00 | -.78 N | -130.0 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 |
| Intl Dairy Queen | INDQ | 39.50 | 39.50 | 39.50 | .00 | .00 | 40.00 | 32.50 | -.06 | .11 | -.22 | -14.53 | 2.94 | .70 S | 27.6 | 54.0 | 6.2 | 12.2 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 |
| Int King Tab | IKNG | 17.00 | 16.25 | 16.25 | -.34 | -2.07 | 20.91 | 11.38 | -.11 | -.49 | -6.32 | 14.06 | 1.27 | .43 F | 51.1 | 74.0 | 4.9 | 12.8 | .00 | .0 | 09-11-84 | 78.2 | 3.8 | .4 | 4.69 | 2.89 |
| JB's Rest | JBBB | 15.13 | 13.75 | 15.00 | .63 | 4.35 | 16.50 | 10.38 | .04 | 1.71 | -4.38 | 10.80 | 1.00 | .07 N | 6.7 | 20.0 | 4.1 | 13.5 | .20 | 1.3 | 08-06-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 |
| Jerrico Inc | JERR | 17.25 | 16.50 | 16.88 | .13 | .75 | 19.75 | 11.88 | -.03 | -.30 | 2.86 | -35.32 | 1.28 | -.05 F | -3.7 | 11.0 | 4.1 | 13.2 | .12 | .7 | 08-20-84 | 496.5 | 20.4 | 1.8 | 5.03 | 10.28 |
| Kapok Cp | KPK | 2.88 | 2.75 | 2.75 | -.13 | -4.35 | 6.75 | 2.63 | -.53 | .12 | 2.33 | -27.97 | -1.29 | -.92 F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 |
| Kelly-Johnston | KEJO | 4.13 | 3.88 | 4.13 | .13 | 3.13 | 17.50 | 2.63 | .18 | -.16 | -3.05 | 5.57 | .40 | -.31 N | -75.6 | 16.0 | .3 | 41.3 | .00 | .0 | 10-13-82 | 88.1 | .3 | 1.0 | 3.72 | 6.13 |
| Karcher Carl | CARL | 25.25 | 24.25 | 24.25 | -.50 | -2.02 | 43.75 | 18.75 | -.54 | -.52 | -.23 | -11.86 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 15.8 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 |
| Luby's Cafe | LUB | 29.25 | 28.00 | 28.13 | -1.50 | -5.06 | 30.13 | 23.63 | -.03 | .06 | -2.54 | -26.68 | 1.15 | .23 N | 20.7 | 27.0 | 9.8 | 21.0 | .54 | 1.9 | 09-10-84 | 141.4 | 13.9 | 1.6 | .45 | 5.85 |
| Marcus Corp | MRCS | 14.63 | 14.25 | 14.38 | -.38 | -2.54 | 15.00 | 11.38 | .05 | .00 | 3.00 | 31.44 | 1.44 | .16 F | 12.5 | 6.0 | 5.8 | 10.0 | .28 | 1.9 | 07-10-84 | 126.7 | 7.4 | 1.2 | 2.72 | 11.07 |
| Marriott Corp | MHS | 77.88 | 72.75 | 77.00 | 3.25 | 4.41 | 77.88 | 58.50 | .02 | .43 | -.88 | -13.50 | 4.15 | .80 S | 21.5 | 30.0 | 3.8 | 17.1 | .44 | .6 | 09-17-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 |
| Maverick Rest | MAVR | 5.75 | 5.63 | 5.63 | -.13 | -2.17 | 7.00 | 4.13 | -.40 | -.28 | -2.94 | -8.33 | .13 | .13 S | NC | 85.0 | 9.5 | 43.3 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 |
| McDonald's Cp | MCD | 78.00 | 74.88 | 77.25 | 1.75 | 2.32 | 80.75 | 61.25 | -.23 | .22 | -2.85 | -15.90 | 5.74 | .87 S | 16.4 | 22.0 | 11.4 | 12.5 | 1.16 | 1.5 | 07-24-84 | 3001.1 | 342.6 | .5 | 19.74 | 29.58 |
| Morrison Inc | MORR | 18.13 | 17.75 | 17.88 | -.13 | -.69 | 20.75 | 13.13 | -.07 | -.11 | -.76 | -.11 | 1.34 | .14 N | 10.9 | 13.0 | 4.5 | 12.6 | .40 | 2.2 | 07-16-84 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 |
| Mr Steak | MSST | 2.00 | 1.75 | 2.00 | .00 | .00 | 3.34 | 1.75 | -.38 | -.49 | 6.12 | 17.27 | .15 | .10 N | NE | -33.0 | 1.1 | NE | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 |
| Nathans | NATH | 2.75 | 2.63 | 2.75 | .13 | 4.76 | 3.44 | 1.78 | .83 | .98 | 1.35 | 43.53 | .19 | .17 Q | 188.8 | 38.0 | 2.0 | 10.6 | .00 | .0 | 09-11-84 | 20.0 | .4 | .8 | .04 | 1.71 |
| Naugles Inc | NAUG | 9.38 | 8.75 | 8.75 | -.63 | -6.67 | 20.50 | 7.25 | -.06 | -1.77 | -4.23 | .15 | -1.09 | -1.79 F | -255.7 | -31.0 | -4.4 | NE | .00 | 0 | 11-01-82 | 114.8 | -5.1 | .8 | 6.57 | 4.96 |
| 1 Potato 2 | SPUD | 6.13 | 4.13 | 4.13 | -2.13 | -34.00 | 12.50 | 4.13 | -1.50 | -6.79 | .38 | -3.49 | .05 | .05 Q | NC | 115.0 | 1.1 | 82.5 | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 |
| Ogden Corp | OG | 29.00 | 27.75 | 28.00 | -1.13 | -3.86 | 33.50 | 24.50 | -.11 | -.47 | 2.32 | 22.60 | 2.64 | .28 S | 12.6 | -8.0 | 3.0 | 11.2 | 1.80 | 6.4 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 |
| Old Fashion Fd | OFFI | 5.25 | 5.25 | 5.25 | .00 | .00 | 9.00 | 4.75 | .21 | .06 | -2.48 | -56.80 | .60 | .12 N | 22.2 | 25.0 | 6.3 | 8.0 | .00 | .0 | 00-00-00 | 9.5 | .6 | 1.7 | 3.01 | 3.01 |
| Pancho Mex Buffet | PAMX | 7.88 | 7.38 | 7.88 | .00 | .00 | 8.88 | 5.88 | -.18 | .46 | -2.91 | -47.21 | .43 | .12 N | 29.2 | 61.0 | 4.8 | 14.9 | .13 | 1.7 | 09-06-84 | 25.1 | 1.2 | 1.2 | .11 | 2.75 |
| Peoples Rest | PEPL | 1.63 | 1.38 | 1.38 | -.25 | -15.38 | 12.25 | 1.25 | -.32 | -2.13 | 2.10 | 65.91 | .28 | -.32 N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 |
| PepsiCo Inc | PEP | 45.50 | 41.63 | 44.75 | 2.38 | 5.60 | 45.50 | 33.38 | -.01 | .22 | .49 | -9.43 | 3.01 | .54 S | 19.5 | 4.0 | 4.0 | 13.6 | 1.68 | 3.8 | 09-10-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 |
| Piccadilly Caf | PICC | 23.13 | 22.00 | 22.13 | -.38 | -1.67 | 24.25 | 13.13 | -.31 | -.29 | -5.72 | 5.15 | 1.40 | .41 F | 41.4 | 6.0 | 4.8 | 15.8 | .60 | 2.7 | 09-10-84 | 173.8 | 8.4 | 1.6 | .00 | 7.71 |
| Pillsbury Co | PSY | 41.50 | 37.50 | 41.38 | 3.50 | 9.24 | 41.50 | 33.00 | -.04 | 1.98 | 2.53 | 2.15 | 3.91 | .71 F | 22.1 | 12.0 | 4.1 | 10.6 | 1.56 | 3.8 | 10-26-84 | 4172.3 | 169.8 | 1.2 | 11.65 | 24.22 |
| Pizza Inn | PZA | 12.00 | 11.38 | 11.75 | .50 | 4.44 | 15.75 | 8.38 | .00 | .22 | .57 | 6.56 | 1.14 | .23 S | 25.8 | 28.0 | 2.5 | 10.5 | .08 | .7 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 |
| Po-Folks | POFO | 15.13 | 13.00 | 13.00 | -2.13 | -14.05 | 16.75 | 12.63 | -.56 | -3.44 | 1.15 | -10.12 | .37 | .63 N | NC | 9.0 | 1.9 | 20.6 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 |
| Ponderosa Sys | PON | 21.00 | 18.50 | 18.50 | -1.63 | -8.07 | 24.88 | 17.13 | .30 | -2.06 | -.37 | 56.02 | 1.51 | .07 S | 4.5 | -2.0 | 2.9 | 11.4 | .40 | 2.2 | 09-18-84 | 418.0 | 12.1 | .8 | 7.66 | 13.57 |
| Prime Mtr Inn | PDQ | 24.00 | 22.50 | 23.88 | 1.13 | 4.95 | 25.50 | 16.00 | -.22 | .22 | -4.36 | 8.91 | 1.20 | .21 F | 21.2 | 71.0 | 18.0 | 19.9 | .12 | .5 | 06-29-84 | 96.0 | 17.3 | 6.9 | 4.83 | 5.90 |
| Primo Inc | PRMO | 3.88 | 3.75 | 3.75 | -.13 | -3.23 | 7.00 | 2.38 | 1.43 | -.59 | -2.53 | 36.64 | .11 | .11 S | NC | 113.0 | 11.5 | 34.1 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 |
| Ramada Inns | RAM | 7.00 | 6.50 | 6.63 | -.38 | -5.36 | 11.63 | 5.63 | -.11 | -.05 | .56 | -8.11 | .13 | 1.37 S | NE | -15.0 | .7 | 10.5 | .00 | .0 | 10-19-81 | 572.0 | 4.2 | .7 | 10.62 | 6.41 |
| Rax Restaurants | RAXR | 16.00 | 15.25 | 15.25 | -.50 | -3.17 | 21.50 | 12.50 | -.01 | -.21 | -.74 | -8.02 | .57 | .63 Q | NC | 57.0 | 3.8 | 24.2 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 |
| Rest Assoc | RA | 8.50 | 8.00 | 8.13 | -.38 | -4.41 | 9.50 | 6.50 | .13 | -1.26 | -5.68 | 31.79 | .88 | .09 S | 12.5 | 20.0 | 1.9 | 10.0 | .00 | .0 | 00-00-00 | 118.8 | 2.2 | 1.0 | 6.40 | 8.21 |
| Rest Systems | RSYS | 13.75 | 13.25 | 13.75 | .00 | .00 | 14.25 | 9.00 | -.10 | .19 | -1.14 | -8.93 | .72 | .80 S | NC | 19.0 | 4.7 | 17.2 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 |
| Ritzys G D | RITZ | 4.75 | 4.00 | 4.50 | -.50 | -10.00 | 11.25 | 3.50 | -1.15 | .00 | 1.92 | -13.66 | -.17 | -.11 S | NE | -56.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 |
| Rusty Pelican | RSTY | 16.50 | 15.88 | 16.00 | -.75 | -4.48 | 17.63 | 10.75 | -.07 | -.80 | -3.90 | -.42 | .53 | .58 S | NC | 29.0 | 4.0 | 27.6 | .00 | .0 | 00-00-00 | 30.1 | 1.2 | 1.0 | 6.76 | 2.54 |
| Ryans Fam Steak | RYAN | 19.75 | 18.75 | 19.25 | .25 | 1.32 | 26.50 | 15.50 | -.68 | -.15 | -.31 | -22.14 | .52 | .27 S | 71.0 | 59.0 | 10.8 | 29.6 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.69 |
| Saga Corp | SGA | 33.75 | 32.00 | 32.50 | -.75 | -2.26 | 36.25 | 24.63 | -.18 | -.24 | -2.60 | -19.56 | 2.40 | .30 F | 14.2 | 63.0 | 2.7 | 13.5 | .44 | 1.4 | 08-20-84 | 1131.0 | 31.0 | .9 | 4.65 | 10.62 |
| Sandwich Chef | SHEF | 8.25 | 8.25 | 8.25 | .00 | .00 | 13.75 | 6.75 | -.10 | .08 | -5.29 | -64.58 | .55 | -.15 F | -21.4 | 7.0 | 2.7 | 15.0 | .00 | 0 | 00-00-00 | 25.6 | .7 | 1.5 | .08 | 5.38 |
| Sea Galley | SEAG | 8.38 | 7.38 | 7.38 | -.88 | -10.61 | 11.63 | 7.38 | -.53 | -2.96 | -1.41 | 10.39 | .23 | .86 S | 600.0 | 20.0 | 1.2 | 8.5 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 |
| Servico Inc | SRVI | 22.00 | 21.25 | 21.25 | -.75 | -3.41 | 24.50 | 13.50 | .27 | -.26 | -.67 | 11.54 | 1.19 | .89 S | 156.1 | 19.0 | 2.5 | 14.6 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 |
| Shoney's Inc | SHON | 31.00 | 29.50 | 30.63 | .75 | 2.51 | 33.50 | 20.00 | -.48 | .33 | -7.01 | 7.15 | 1.17 | .33 N | 31.4 | 33.0 | 6.0 | 22.2 | .16 | .5 | 10-01-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 |
| Shoney's So | SHNS | 20.50 | 20.00 | 20.38 | -.13 | -.61 | 20.75 | 13.75 | .06 | -.10 | -4.05 | 28.91 | 1.24 | .44 S | 45.3 | 33.0 | 3.5 | 14.5 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 3.51 | 8.76 |
| SIS Cp | SISB | 6.00 | 5.25 | 5.25 | .00 | .00 | 11.25 | 5.00 | -.08 | .06 | -.74 | 22.83 | .14 | .13 F | 300.0 | 65.0 | 4.4 | 37.5 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 |
| Sizzler Rest Intl | SIZZ | 18.50 | 18.00 | 18.00 | -.25 | -1.37 | 18.75 | 8.75 | .44 | -.30 | -4.87 | -22.91 | 1.01 | .08 N | 8.3 | 15.0 | 4.5 | 17.3 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 |
| Skippers | SKIP | 10.63 | 9.75 | 9.75 | -1.00 | -9.30 | 12.00 | 8.00 | .31 | -.39 | -3.74 | -20.95 | .81 | -.01 S | -1.2 | 24.0 | 4.0 | 12.3 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 |
| Sonesta Hotel | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 22.00 | 16.50 | -.06 | .09 | .08 | 96.97 | 1.02 | -.94 Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 |
| So Hospitality | SHOS | 4.38 | 4.13 | 4.38 | .25 | 6.06 | 5.25 | 3.75 | -.69 | 1.84 | 1.00 | -26.14 | .33 | .06 F | 22.2 | 90.0 | 4.2 | 13.3 | .00 | .0 | 00-00-00 | 35.7 | 1.5 | .8 | 4.32 | .24 |
| Consol Prdts | COPI | 5.13 | 4.75 | 5.13 | .13 | 2.50 | 10.00 | 4.75 | -.22 | .97 | 7.42 | -1.02 | .29 | .06 N | 25.0 | 74.0 | 2.1 | 17.1 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 |
| Taco Viva | TVIV | 9.00 | 8.00 | 9.00 | .38 | 4.35 | 13.75 | 7.00 | -.15 | 1.64 | 7.63 | -24.03 | .40 | .43 N | NC | 30.0 | 5.1 | 20.9 | .00 | .0 | 06-02-83 | 15.8 | .8 | 1.8 | .75 | 2.34 |
| TGI Friday's | TGI | 12.00 | 10.63 | 10.63 | -.63 | -5.56 | 17.88 | 10.00 | .03 | -1.56 | -3.98 | -38.34 | .65 | .68 S | NC | 14.0 | 4.5 | 15.6 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 |
| TGIF Texas | TEXF | 2.38 | 2.38 | 2.38 | .00 | .00 | 7.50 | 2.25 | .20 | .00 | -1.35 | -62.50 | .06 | -.01 Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 |
| Transworld | TW | 30.38 | 28.88 | 29.13 | .00 | .00 | 33.53 | 19.66 | -.12 | -.67 | -4.66 | -6.77 | 1.30 | 7.19 S | NE | 76.0 | 3.2 | 4.6 | .40 | 1.4 | 08-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 |
| USACafes | USCF | 4.13 | 3.25 | 3.88 | .63 | 19.23 | 5.25 | 2.75 | 1.08 | -.80 | 3.92 | -28.79 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA |
| Vicorp Restaurants | VRES | 20.75 | 19.50 | 20.50 | .50 | 2.50 | 22.00 | 12.88 | .13 | .27 | 5.07 | -36.43 | .85 | .42 N | 56.0 | 57.0 | 5.1 | 17.5 | .12 | .6 | 08-17-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 |
| Victoria Stations | VSTA | 5.75 | 5.00 | 5.00 | -.75 | -13.04 | 9.63 | 4.50 | -.71 | -.56 | -.77 | 79.40 | -1.02 | -.44 N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 |
| Vie De France | VDEF | 14.38 | 13.75 | 14.38 | .63 | 4.55 | 15.25 | 10.50 | -.23 | .66 | -1.47 | -13.60 | .47 | .47 F | NC | 126.0 | 10.0 | 30.6 | .11 | .8 | 06-11-84 | 43.1 | 4.3 | 1.2 | .18 | 1.08 |
| Wendys Intl | WEN | 20.38 | 19.00 | 19.75 | .38 | 1.94 | 20.50 | 11.16 | -.11 | .61 | -.43 | 7.13 | 1.01 | .27 S | 30.3 | 22.0 | 7.7 | 17.0 | .24 | 1.2 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 |
| Wstn Steer | WSMP | 10.25 | 10.25 | 10.25 | .00 | .00 | 13.25 | 9.00 | -.35 | .10 | .90 | 85.71 | 1.02 | .07 Q | 7.1 | 4.0 | 3.3 | 9.8 | .16 | 1.6 | 06-05-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 |
| Winners Cp | WNR | 9.75 | 7.50 | 7.88 | -1.88 | -19.23 | 16.25 | 7.50 | -1.30 | -3.26 | 5.81 | 59.39 | .63 | .01 S | 1.6 | 11.0 | 3.3 | 12.7 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | 1.2 | 10.32 | 7.40 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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INTERNATIONAL NEWS

# U.S. chains: Success possible, but elusive

## Culture, costs & changing tastes cited

By Elizabeth J. Block

TOKYO — Fourteen years after Kentucky Fried Chicken brought the fast-food era to Japan, American chain operations appear to be thriving. KFC and McDonald's Japan each is approaching 500 units, Mr. Donut has 458, Denny's has about 200, and Dairy Queen Japan has more than 150.

They are particularly thriving in this densely packed capital (11.7 million).

But these rapidly expanding companies do not tell the whole story. More foreign copanies actually fail in Japan than succeed.

Some chains, including Hardee's and Long John Silver's, have closed down their units in Japan altogether. Others, such as Dunkin' Donuts, Winchell's, International House of Pancakes, Victoria Station and Big Boy, are engaged in what can be called holding operations. Wendy's and Shakey's, after several years of stagnation, now appear to have embarked on vigorous expansion programs. Arby's only entered the market recently.

"While American chains have played a big role in bringing marketing and management skills to Japan, many American companies don't perform well here," says Kazu Katoh, managing director of the Japan Foodservice Chain Association. "They are often not prepared for the cultural differences, the high costs and, most of all, the rapid changes in consumer tastes."

With about half as many people as in the United States, in one-twenty-sixth the space, Japan is the most competitive consumer market in the world. And Katoh points out that the competition has grown more intense, since Japanese companies have had time to learn the theory and practice of chain operations.

Also, Japanese consumers, never particularly loyal, have grown more discriminating. When "Maku-Do-Na-Ru-Do Han-Ba-Ga," as McDonald's is known here, was the only purveyor of the burger in town, the chain was able to attract all young Japanese with what was seen as new and exciting Western food. Obviously, matters have changed.

Japanese chains are challenging American chains in every fast-food sector, including burgers, doughnuts and ice cream. In addition, chains like Hoka-Hoka-Tei, a 1,500-unit operation, bring fast-food merchandising to the traditional Japanese lunch box.

**Kentucky Fried Chicken in Japan acts in a joint venture with Mitsubishi, which wanted a KFC franchise to help utilize the output of its Japan Farm subsidy.**

Contenders in the burger category are First Kitchen, with 54 units, operated by Suntory, the big distiller; the Korean-owned Lotteria chain, with about 400, and Morinaga-Love, with more than 100. These compete directly with McDonald's.

Besides First Kitchen, Suntory has launched about a dozen food-service operations, including a croissant shop, dinnerhouses, wine pubs and café bars. Similarly, Daiei, Japan's largest retailer, which holds the franchises for Wendy's, Big Boy and Victoria Station, has several domestic subsidiaries, including 344 Dipper Dan ice-cream shops, 43 Donut Arts shops and several hundred Dom-Dom, a budget burger operation.

In the family-restaurant category, Denny's Japan, operated by Ito-Yokado, a leading retailer, has 204 units and is adding 25 to 30 each year. But the chain's chief imitators, Skylark and Royal Host, with 366 and 192 stores, respectively, are expanding rapidly and throwing off new casual-type restaurant concepts with names like Yesterday's, aimed at an affluent young market.

These units derive a higher proportion of sales from alcoholic beverages, and checks average about $5.80, compared with $3.50 at family restaurants, according to Katoh.

To meet the challenge, Denny's has unveiled its own up-market prototype in Yoga, an affluent Tokyo suburb. Although the unit retains the

*(Continued on page 204)*

# Fast-food chains cope with unstable British economy

*(Continued from page 201)*

of total food-away-from-home sales.

Of Britain's approximately 21,000 fast-food restaurants, 420 specialize in chicken, 9,000 in fish and chips, 1,300 in burgers, 1,200 in pizza, 5,800 in various ethnic foods and 3,200 in other menu items.

KFC, which operates 61 company units, mostly in London, and franchises another 304 to 150 licensees, has embarked on an expansion course that could double its total units over the next few years. "I know we can have 700 stores in the whole country," Barnes declares. "There are vast areas where we don't have any yet."

While parent R. J. Reynolds has committed millions of dollars to a worldwide KFC expansion program, unit growth in Britain may be slowed until the economic picture brightens. Despite a dramatic turnaround that began here in 1982, KFC is still plagued with chronically low unit volumes—a chainwide problem and one that is particularly acute in these islands, where the average KFC reports annual sales of no more than $351,000, compared with $540,000 in the United States.

When KFC kicked off its massive repositioning effort in 1982, the situation was even bleaker. Average unit volumes were an anemic $245,000 (by today's exchange rate). That was up 6% from the previous year, but the gain came entirely from menu price increases and new store openings. In addition, the number of chickens sold in 1982 was off 7%, compared to 1981.

Even though such outside forces as high levels of unemployment (especially among KFC's core customers, young males), runaway inflation and increased competition were hurting KFC, officials realized there were some other problems, too.

In an effort to identify its weaknesses and strengths, KFC began a consumer survey, paying particular attention to nonusers and "lapsed customers." While Barnes declined to reveal the results of that research, he said demographics showed KFC was particularly vulnerable to "outside forces."

The chain's core customers were younger and more "downscale" than typical fast-food users; its heavy users were even younger and more downscale. One in 4 of its regular customers was unemployed and particularly sensitive to menu price increases. Lapsed customers were mostly women or married couples with children at home.

KFC also had an image problem and a weak price/value perception among consumers, according to the survey. On the positive side, blind taste tests showed that more than 80% of those surveyed rated KFC's chicken either "excellent" or "good."

The key to repositioning the chain in Britain, according to Barnes, was to improve KFC's value and switch traffic patterns from late night to lunch and dinner. The chain restructured its menu, adding chicken sandwiches and bargain-priced buckets. Several stores were remodeled, with new signs, menu boards and display counters, and new service systems were instituted to improve worker productivity.

A new training center was opened, and chainwide the emphasis was on basics. A mystery shopper program began with stricter standards for quality, service and cleanliness. Franchisees were asked to increase their advertising contributions, and KFC's agency, Young & Rubicam, drew up a new advertising campaign.

Results were immediate and quite dramatic. The chicken sandwich was a hit, capturing 10% of total sales, half of which were incremental. New dayparts were built. Dinner bucket sales rose from 7% of total sales to 23% of total. Lunch packs, which accounted for less than 1% of sales, jumped to 5% of total.

From March 1982 to March 1983, 38% of the menu shifted through the broader customer base. Total weekly sales rose in that period from $4,200 a unit to $6,150 a unit (at today's exchange rate).

"Family business was really evident in the shops," marketing director Tony Lainchbury recalls. "You actually saw Mom and Dad lining up with the kids for the Bargain Buckets."

Just as important was the change in attitude throughout the KFC system, Lainchbury says. KFC officials visited each franchisee with the formidable task of persuading them to invest seven margin points and about $14,000 a unit in the repositioning and remodeling programs. Armed with the results of the first test stores, they had an easier selling job.

"Some franchisees didn't want the whole package until they saw the results," Lainchbury recollects. Almost the entire franchisee system joined the program. When a franchisee in the Midlands balked, KFC bought back 13 units and the territory.

"It was a very special attitude that developed in those test stores," Barnes says. "For example, the counter girls knew the percentage increases, the sales totals, and they were proud of what we were accomplishing."

Having turned around KFC Britain, chain officials are particularly distressed at the new problems they are coming up against with the VAT, the high unemployment rate and rising wholesale prices. They are also keeping an eye on competition, especially from local brewers, who are evincing considerable interest in food service.

Barnes notes that giant brewing firms, such as Whitbread, are becoming more interested in food service. Whitbread has signed a joint venture with Pizza Hut to convert many pubs to fast-food units. And the Brewers' Society disclosed in August that 78% of brewers' multimillion-dollar capital investment over the next three years will be spent refurbishing pubs.

INTERNATIONAL NEWS

# Shifting tastes main impediment to success

(Continued from page 203)
Denny's name and menu, it is distinguished by a country-style exterior and a soft interior decor with Art Deco touches.

Since space is limited, land costs are often as much as 10 times the American average. Competition for affordable high-traffic sites is keen.

Deposit fees—a typical consideration in commercial leasing here—may go as high as $2 million to $5 million in fashionable shopping areas, such as the Ginza. A street-level location often commands twice the price of a basement site.

Wendy's, which incurred high costs with its pilot unit on the Ginza, is now more cautious. "You have to look carefully at each site," says Rich Tamura, managing director of Wenco, Japan, Wendy's franchise organization here.

"For example, a site on a main street may involve double the deposit fees for a nearby back-street site. But will it do double the business? We say no. We think we can do as much as 80% of the volume at some back-street sites with proper merchandising."

The chain is credited with remarkable foresignt in choosing a slightly seedy alley location in Shinjuku, one of the most expensive areas in all Tokyo. Since Wendy's entered the area, several fast-food chains have followed, and the street is booming.

Besides being expensive, real estate sites are often much smaller than comparable American sites. Much adaptation is required. "Real estate deals are complicated," says Alan Zemek, senior analyst with Red Lobster in Japan. "For example, our Roppongi unit, which seats 185, is actually assembled from two buildings. And that is not unusual over here."

Most chains rely on a larger company for capital and contacts, as well as guidance through the distribution system. For example, KFC is in joing venture with Mitsubishi, a diversified company that originally sought out a KFC franchise to help utilize the output of its Japan Farm subsidiary, the country's largest producer of hogs and poultry. Shakey's, in which Mitsubishi also has an interest, obtains favorable cheese contracts through the company's trading arm.

*'Most chains rely on a larger company for capital and contacts, as well as guidance through the distribution systems.'*

But sponsorship by a large company is not in itself a guarantee of success. Critics say that large companies often keep a languishing operation open to save face. Also, a joint-ven-ture partner may exert undue interference. Autonomy is appreciated. "We have an excellent relationship," Rick Watt of Dairy Queen Japan says of the chain's joint-venture partner, Marubeni. "They function mainly as stockholders."

As in the United States, fast-food operations in Japan have demonstrated a tendency to move up-market. However, Wendy's, which entered the market in 1980, found itself a bit ahead of the pack.

The chain, which now has 23 stores in metropolitan Tokyo, encountered price resistance with a large burger costing Y340 ($1.40) vs. the standard burger price of Y200 (83¢). In return for higher prices, the chain provided fresh rather than frozen beef, seating for everyone and far more comfort than that found elsewhere at the time.

Although these benefits were not immediately appreciated, Wendy's appears to have been on the right track. A general upgrading trend is evident. For example, McDonald's, which originally offered little or no seating, is now opening larger restaurants with plenty of tables and, in one airy new unit in fashionable Roppongi, Art Deco light fixtures.

Similarly, Shakey's, in Japan since 1977, is remodeling all its stores to attract patrons in higher-income brackets. To increase productivity, an average of 10 seats per unit are being added, according to Yuji Yamanaka, president and chief executive officer. Take-out service, now accounting for 8% to 10% of sales, will be emphasized.

Menus are being expanded, and new beer- and vodka-based cocktails are in test. Light beer is being tried out, too.

Shakey's, originally a three-way joint venture among Shakey's International, Kirin Beer and Mitsubishi, is now 90% owned by the two Japanese partners. Currently 28 units are open, of which six have opened since mid-1983, when an expansion program began. Another four or five units are due to open before the end of the year.

The chain has annual sales of $16 million and predicts $20 million this year. Unit sales are about $48,000 a month.

In another type of arrangement, Mr. Donut is now wholly owned by the Duskin Company, a privately held firm that rents cleaning equipment. With 458 stores and gross sales of $142 million a year, the chain is one of the fastest-growing in Japan.

Last year the Japanese partner, perceiving that the American parent company was not doing nearly so well, bought out the licensing rights for a sum said to be in the area of $8 million.

Since then the menu has been enlarged to include four kinds of muffins and a variety of pies—meat, sausage, pumpkin and sweet bean. All products are made at the units.

Frank Dever, head of Red Lobster's international division, has given has shown considerable interest in the Japanese market and the ingredients that determine success. The chain, which started up three test units in 1982 in joint venture with Jusco, yet another large retailer, is satisfied with the results and has recently approved an expansion plan.

"Success in Japan is a matter of three things," says Dever. "You need to do extensive survey research. You need a strong joint-venture partner. And you have to understand Japanese marketing in order to integrate your concept into Japan. We have good people in Tokyo, but we've also hired a Japanese market guy to work in Florida on marketing."

Dever, who believes that the family-restaurant sector is already saturated, is trying to carve out a niche for Red Lobster in Japan comparable to Bennigan's in the United States. With five varieties of lobster heading the menu, priced at Y2,400 (U.S. $10), checks average significantly higher than the family restaurants. But, according to Dever, three annual surveys have identified a ready market.

### TOP 20 FOOD-SERVICE COMPANIES IN JAPAN

| 1983 Rank | Company | Business | Sales (In Millions) | Units |
|---|---|---|---|---|
| 1 | **McDonald's** | Burger | $352.7 | 396 |
| 2 | **Kozosushi Honbu** | Sushi | 283.5 | 2,215 |
| 3 | **Restaurant Skylark Co. Group** | Western dishes | 281.9 | 416 |
| 4 | **Hokka Hokka Tei** | Take-out lunch | 250.9 | 1,583 |
| 5 | **Daiei Gaishoku Jigyo Group** | Multiple | 238.3 | 1,219 |
| 6 | **Royal Foods** | Western | 237.1 | 261 |
| 7 | **Seibu Railways Group Gaishoku Bumon** | Hotel | 232.1 | |
| 8 | **Kentucky Fried Chicken Japan** | Fried chicken | 220.0 | 413 |
| 9 | **Nippon Shokudo** | Buffet | 216.2 | 163 |
| 10 | **Seibu Group of Retail Enterprises Gaishoku Bumon (Casa)** | Multiple | 212.4 | 622 |
| 11 | **Yoronotaki** | Drink shops | 205.8 | 1,618 |
| 12 | **Lotteria** | Burger | 189.5 | 404 |
| 13 | **Honke Kamadoya** | Take-out lunch | 180.2 | 1,312 |
| 14 | **Zenei (Hot Foods)** | Take-out lunch | 158.9 | 1,080 |
| 15 | **Uokuni Sohonsha** | Catering | 151.6 | 1,069 |
| 16 | **Denny's Japan** | Western | 149.8 | 195 |
| 17 | **Fujiya Gaishoku Jigyo Group** | Multiple | 136.9 | 519 |
| 18 | **Duskin (Mr. Donut)** | Doughnut | 132.9 | 395 |
| 19 | **New Tokyo** | Multiple | 122.5 | 176 |
| 20 | **New Magokoro Chain (Kogane-chen Bento)** | Take-out lunch | 121.2 | 980 |

Source: *Japan Economic Journal*, May 8, 1984

**The Japanese food-service industry generated sales of $68.7 billion in fiscal 1983, ended Feb. 28, 1983, up 4% from the preceding year. However, sales of the 100 top-ranking companies were $8.7 billion, up a strong 14.8% from the previous year.**

**Wendy's Rich Tamura suggests caution is choosing sites. "A site on a main street may involve double the deposit fees . . . but will it do the business?"**

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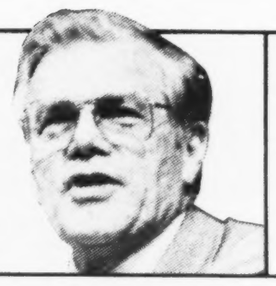
***Personality profile: Inside Jim Collins***
—Page 36



***Craig Claiborne on 'American cooking'***
—Page 45

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**Operator of the Year Robert Barney, left, and Pioneer award winner Alex Schoenbaum share center-stage at MUFSO.**

# Operators grope for initiative inside a 'whirlwind of change'

**By Charles Forman**

DALLAS — Fierce competition and uncontrollable external forces are driving the industry to launch a scattergun blast of new food products, services and restaurant concepts.

But, instead of resisting change, top officers of the nation's major multiunit operators are scrambling to embrace, even institutionalize, the forces of innovation and initiative—while striving with equal vigor to stick to traditional disciplines.

Pared to its essentials, the message many of these operators delivered at *Nation's Restaurant News*' 25th annual Multi-Unit Food Service Operators (MUFSO) conference is that two years of economic growth has in no way made the food-service marketplace more secure for the future. The tough are going to have to get tougher; survival is at stake.

*A profile of Robert Barney plus key MUFSO stories appear on page 3. In-depth MUFSO coverage continues next week.*

Robert Barney, Wendy's International chairman and chief executive officer, chosen 1984 Operator of the Year by *NRN*'s readers, remarked that the ever-present shakeout of restaurant companies "is only going to get worse" as competition and segmentation increase.

A securities analyst, Mi-

*(Continued on page 94)*

# *New Kraft-CFS combo to challenge Sysco's might*

**By Charles Bernstein**

CHICAGO — Kraft could move into a far stronger contending food-service-distribution position just behind No. 1 Houston-based Sysco when the expected Dart-Kraft Inc. acquisition of giant CFS Continental is completed. Both companies are headquartered here.

Kraft has been trying for years to gain more momentum in food-service distribution. Now its 25 distribution centers and $850 million estimated annual sales would be combined with CFS' 48 distribution centers and $1.35 billion annual sales for a new $2.2 billion total, not far behind Sysco's $2.5 billion. More than that, the deal would give Kraft the benefit of CFS' fuller lines and broader-based distribution facilities.

This deal is part of a rapid acquisition and consolidation trend that has swept the $70 billion food-service-distribution field. PYA Monarch previously boosted its volume to more than $1.1 billion by acquiring Fleming Foodservice; CFS itself acquired Publix Fruit & Produce; Sysco widened its lead by picking off both Railton and Pegler in the Midwest, and Rykoff moved toward the $1 billion mark with the purchase of Chicago-based John Sexton. Yet Martin Brower has remained No. 2, with a $1.7 billion volume, largely based on McDonald's business.

The deal, worth almost $300 million, would be accomplished through an agreed sale of 1.5 million CFS shares at $33 each by chairman Robert Cohn; his brother, president Alvin Cohn, and their families. An additional 1.59 million shares that CFS would sell at $33 a share, and a parent Dart-Kraft tender offer for CFS' remaining 5.6 million shares at the same price, are pending. CFS' stock was running at just under $33 a share on the New York Stock Exchange when the offer was made early this month.

Sources indicated that only one realistic stumbling block loomed. Federal Trade Commission approval is required, and it is conceivable that cer-

*(Continued on page 94)*

# ShowBiz acquires 60 Pizza Time units

**By Susan Spedalle**

DALLAS — Brock Hotel Corp. said that subsidiary ShowBiz Pizza Place will acquire 60 Pizza Time Theatre stores to convert to a third pizza entertainment concept.

While full details of the agreement were not disclosed, Brock will pay Pizza Time a combination of stocks and warrants to buy shares of stock and cash.

Brock Hotels has long-term debt straddling its ShowBiz units and is not considered a cash-rich company. Some observers, therefore, believe the deal was heavy with stock. (Brock stock has not closed above $5 a share in the past few months and hit $4.75 the day the deal was announced.)

In addition to the units, Brock gained an ironic saving: The company no longer has to write an estimated annual $2.4 million check to Pizza Time.

The payments were a royalty on the sales from ShowBiz's first 160 stores, required as a

*(Continued on page 94)*

## INSIDE NRN

**RESTAURATEURS** and bankers: Exploring their stormy relationship from the inside . . . . . 13

**CHICAGO'S** Jim Errant is steering away from beef toward fish . . . . . 21

**COOKIE** chains have chipped out a comfortable niche in the "walk-around" dessert market . . . . . 28

**McDONALD'S** is test-marketing more new products than at any time in its 29-year history . . . . 61

**INDEX**

| | | | |
|---|---|---|---|
| Financial | 4, 5 | Advertising & Promotions | 56 |
| Opinion | 6 | Managing Human Resources | 69 |
| Spotlight on Finance | 13 | International News | 72 |
| Inside Washington | 16 | New Products | 76 |
| Food Trends | 25, 28 | People | 81 |
| *NRN* Focus | 33-48 | Classified | 85-92 |

# *Chocolate: The new after-dinner 'mint'*

## Fine-dining restaurants target the ultimate dessert consumer

**By Marilee Hartley**

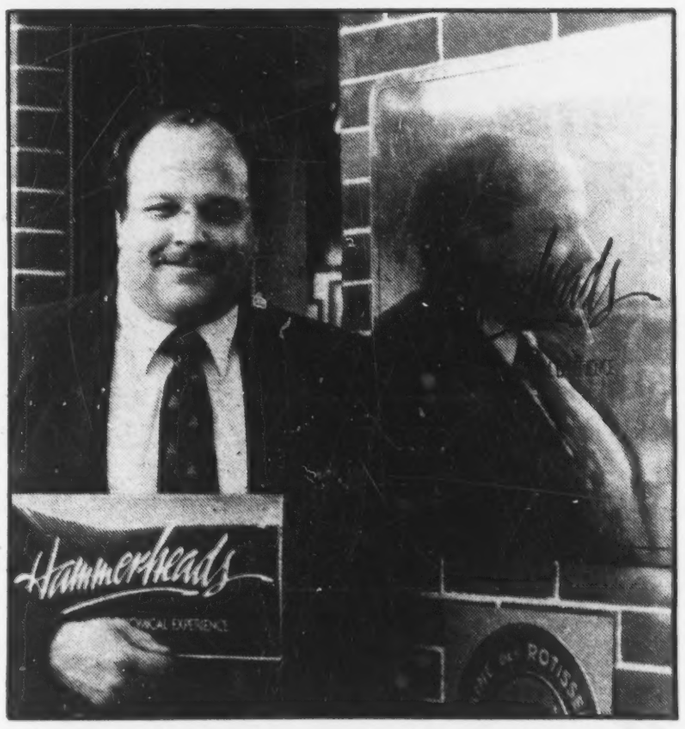
A growing number of fine-dining restaurants across the country have targeted the ultimate dessert consumer: the chocolate lover, or chocoholic.

Chocoholics don't expect their chocolate thrills to come cheap, and restaurateurs and pastry chefs—themselves often chocoholics—who cater to them have sparked not only dessert sales but, in some cases, customer counts and after-dinner liquor sales as well.

"If there were no chocolate on the menu, a lot of customers would skip dessert and go elsewhere," says pastry chef Ken Olsen, of Van Dyke Place in Detroit. Hard-core chocoholics can also serve as instigators to their fellow diners when it comes time for dessert, restaurateurs say.

Of approximately seven desserts that change each day, five will be chocolate, Ol-

*(Continued on page 25)*




**Hammerheads' owner Glenn Hammer's "chocoholic bar" is attracting a crowd.**

# Barney named MUFSO Operator of the Year

## 'Everybody said there wasn't room for another hamburger chain.'

**By Rick Telberg**

DALLAS — Robert L. Barney, chairman and chief executive of Wendy's International Inc., was named Operator of the Year at the Multi-Unit Food Service Operators (MUFSO) conference sponsored by *Nation's Restaurant News*.

In accepting the honors at a gala banquet, Barney ruefully recalled his first MUFSO visit 15 years ago, when Wendy's was in its infancy. "I was in awe of all the important people and all the success stories," he said.

"Everybody said there wasn't room for another hamburger chain," he added.

With founder and mentor R. David Thomas, Barney proved the skeptics wrong. Today Wendy's is the third-biggest fast-food burger chain, with almost 3,000 restaurants worldwide.

Barney was selected from among five other Golden Chain award winners: Ella Brennan, managing partner of Commander's Palace in New Orleans; John Farquharson, president of ARA Services Inc.'s Araserve division; Patrick J. Foley, president of Hyatt Hotels Corp.; G. "Jim" Hasslocher, president of Frontier Enterprises of San Antonio, and Robert Rosenberg, chairman of Dunkin' Donuts of America Inc.

In addition, Alex Schoenbaum, senior chairman of Shoney's Inc., accepted *NRN*'s Food Service Pioneer award, and Oscar Grubert, chairman of Champ's Inc. in Winnipeg, Canada, accepted the first International Golden Chain award.

Thomas was named MUFSO Operator of the Year in 1977, making Wendy's the first company in the 14-year history of the award to win twice.

Born in Ashland, Ky., 47 years ago, Barney began his food-service career in 1962 as a franchisee of Kentucky Fried Chicken in Athens, Ohio.

Barney joined Thomas in 1971 as president of the then-two-unit chain. "Sounds pret-

*(Continued on page 93)*

**Robert and Anita Barney**

### Robert Barney: The man who turned dream to reality

*By an NRN Staff Writer*

DALLAS — When Robert L. Barney joined Wendy's in 1971, the company had two restaurants. Both were in Columbus, Ohio, but founder R. David Thomas had the audacity to add the word "International" to the corporate name.

Barney came on board as president. "Sounds like a pretty important position, doesn't it?" Barney quipped recently in his dry sense of humor.

But, more than anyone perhaps, Barney has been responsible for translating Thomas' dreams into reality. Barney weathered breakneck years of growth and harrowing years of change.

Today Wendy's is the third-biggest American hamburger chain, with 2,900 restaurants, including 155 outlets in 12 foreign countries.

*(Continued on page 93)*

# Panel: Pressure is on to cope with constant change

**By Marilee Hartley**

DALLAS — Restaurant operators across the board—from fast feeders to providers of fine dining—are coming under mounting pressure from ever more trend-conscious consumers to adapt to new national and regional dining-out tastes.

That was the consensus of eight executives of multiunit chains who served as panelists for a well-attended food trends workshop during this year's MUFSO conference here.

Customers are going to expect something new and different from the dining experience, panelists agreed, not only in menu content but also in cooking techniques, food presentation, add-on services and ambience. Panel comoderator Ted J. Balestreri, president of the Sardine Factory, cautioned, "Without change today's great restaurant will surely become tomorrow's mediocre one."

Even ongoing trends can benefit from fine-tuning, according to Delbert Allen, cofounder and executive vice president of Seafood Broiler Restaurants, a 16-unit chain based in Southern California.

The chain pioneered with the mesquite-grilled seafood concept 10 years ago. Despite its basic menu's continuing appeal, Seafood Broiler frequently changes the interior designs of its restaurants and offers new menu items, plate presentations and menu graphics, Allen said.

Many of the panelists emphasized the importance of unusual cooking techniques, provided they are marketed as such, preferably through exhibition cooking. Mesquite and hickory grills, wood-burning brick ovens and exhibition chowder pots in which soups are made to order were cited as three very effective sales stimulants.

Other panelists noted that add-on services, such as gourmet take-out and grocery sections and delivery capabilities, not only can boost sales and profits but can also enhance a restaurant's reputation for quality.

Randall's, a concept owned by the Chicago-based Levy Organization, hiked gross annual sales by $1 million in 1980 by adding a take-out and delivery service, according to president Mark Levy. He predicted a burgeoning demand for "high quality" take-out and delivery.

Attractive food displays and new plate presentations can be an effective method of innovation, several panelists said. "We've found appearance is as important as ingredients in the customer's perception of quality," Levy said.

Crossover concepts, such as the three-year-old Fresher Cooker chain, which combines fast-food service and moderate pricing with fresher, healthier menu items, may set a trend for the future, according to Fresher Cooker's senior vice president for franchising and development, Brian Guilliom.

"Tomorrow's trend is hap-

*(Continued on page 93)*

**COMMODITIES**

## Long-term outlook for Fla. orange juice gloomy

***NRN* Special Report**

The Florida citrus canker infestation is cause for a gloomy long-term outlook, particularly for the supply of orange juice concentrate. The canker, which was first discovered in late August, couldn't have come at a worse time. While the disease hits all citrus trees, it has almost catastrophic ramifications for orange growers.

Florida orange growers have been hit with four serious freezes since 1978. The most recent was the worst.

*(Continued on page 93)*

### Price Movement at a Glance

| | Sept. 28 1983 | Aug. 28 1984 | Sept. 28 1984 |
|---|---|---|---|
| Beans, lima, dry, large Calif. (cwt) | $41.00 | $60.00-$62.00 | $50.00 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.93 | $ 0.98 | $ 0.89 |
| Broilers, Grade A dressed, icepack, NYC (lb.) | $ 0.4893 | $ 0.5719 | $ 0.5296 |
| Coffee, green beans, Brazilian, NYC (lb.) | $ 1.38 | $ 1.50 | $ 1.44 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.80 | $ 0.64-$0.66 | $ 0.67-$0.69 |
| Lettuce, iceberg, Calif. (24s) | $ 5.00-$ 6.00 | $ 4.00-$6.00 | $10.00 |
| Peas, Fancy 4s, NY State (6/10) | $12.50 | $14.75 | $15.75 |
| Plums, purple, Choice HS, NW (6/10) | $11.00-$12.00 | $13.00* | $15.50 |
| Pork loins, No. 1, 14-17 lb., Midwest (lb.) | $ 0.94 | $ 0.96 | $ 0.85 |
| Sauerkraut, NY State (6/10) | $ 7.50 | $12.09 | $11.00 |

*Average of last prices quoted for 1983-84 pack

*Source:* NRN *Research*

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

## 'Happy hour' ban called imminent unless the industry polices itself

**By Richard Martin**

DALLAS — A nationwide movement to outlaw happy hour-style liquor-sales promotions may well be developing unless restaurant operators adequately respond to the public's dismay over deaths and injuries caused by drunk drivers, industry leaders say.

Talk of imposing such bans is already spreading in such states as California, Massachusetts and Texas. New Jersey officials say they're ready to enact an end to happy hours in their state.

At a panel on liquor liability at MUFSO '84 here speakers said the food-service industry unfairly bears more than its share of blame for loosing thousands of drunk drivers on the nation's highways.

But panelists also agreed there is a need for tangible programs at the individual restaurant level that could reduce the threat of intervention and the risk of financial ruin, which can ensue from third-party liability lawsuits.

"Why should we give up our two-for-one promotions, which can boost volume by 3%, 4% or 5%?" National Restaurant Association (NRA) treasurer Jim Hasslocher, the Texas-based chain operator, asked. "The answer is simple," he said, proposing that it would be easier for the industry to police itself than to give legislators fresh opportunities to ban, tax or otherwise regu-

*(Continued on page 94)*

**MUFSO JOTTINGS**

***NRN* Staff Roundup**

**NEW PRODUCTS?:** Larry Lavine, founder and president of Dallas-based Chili's, had those attending a MUFSO workshop on emerging chains laughing when he preceded his remarks with a slide show that poked fun at food trends. Lavine joked that Chili's was rolling out several new products: an ersatz burger in California made with tofu and bean sprouts, a Texas burger wrapped in a gold watch and priced at $12,000 and an early-bird special for senior citizens in Florida that is served with Geritol and Haley's M.O.

* * *

**POLITICKING:** Noah Robinson of Chicago, the feisty Wendy's and Bojangles' franchisee, wore a button with the message "Jackson por Presidente" at the conference. Robinson is the half-brother of the Rev. Jesse Jackson, who sought the Democratic presidential nomination.

* * *

**BRINKER'S BATTLE:** Burger King executives were not at MUFSO this year because the chain was hosting its franchisee convention in Reno, Nev., at the same time. But Norman Brinker, former Burger

*(Continued on page 93)*

## FINANCIAL NEWS

# D'Lites stock offering cracks frozen new issues market

*By an* NRN *Staff Writer*

NEW YORK — The stunning debut of D'Lites of America Inc. on the equities market has sparked speculation that the new issues climate, frozen solid for almost a year, may be thawing.

"It's possible this may be the first sign of a reinvigorated new issues market," said Norman Fosback, editor of *New Issues* newsletter in Fort Lauderdale, Fla.

But another newsletter editor, Terry Keenan, of Philadelphia-based *Going Public: The IPO Reporter,* disagreed.

"D'Lites was an exception," Keenan said. "A lot of companies took advantage of the August rally to get rid of a backlog of registrations. We do not see a new backlog of registrations developing."

Both agreed, however, that the D'Lites offering exceeded expectations. "We haven't seen a new stock received this well in a year," Fosback said.

D'Lites originally intended to sell 1.32 million shares, at $8.50 each. But demand was so strong that D'Lites increased the sale to 1.65 million shares, priced at $9.50 each, netting $13.2 million. The stock reached $13.50 on the first day of trading.

The 21-unit, Atlanta-based fast-food chain is positioned as a high-nutrition, low-calorie alternative to competitors. Its burgers, for example, are 82% lean, compared with 76% lean at other chains.

The 1.65 million shares sold to the public represent 36% of the 4.6 million shares outstanding after the offering.

In other new issues developments, Club Med Inc., the fixed-price resort company, went public for $51 million, and Restaurant Management Services Inc., a Macon, Ga., Shoney's franchisee, revived an initial offering plan shelved since April.

Club Med Inc., which issued 22% of its stock, operates 16 resorts in the Western Hemisphere.

The offering was increased by 425,000 shares to three million and came out at $17 per share, the top of the expected range.

Restaurant Management Services hopes to price 672,000 shares at $10 to $13 each. About 433,000 shares are being sold by the company and the rest by current shareholders.

## FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

# Losers swamp gainers, 67-16; 16 unchanged

**By Rick Telberg**
*Financial Editor*

NEW YORK — Restaurant issues on *Nation's Restaurant News* food-service stock list took a bath as the overall stock market drifted lower.

Declining issues outnumbered advancing issues by a 4 to 1 ratio, with 67 down, 16 up and 16 unchanged. The Dow Jones Industrial Average, in the same period, dropped from about 1202 to 1183, as the August rally became little more than a fond memory.

Seven of the top 10 percentage price losers hit 52-week lows. Kapok Corp., a Florida dinnerhouse operation, dropped 75¢, to close at $2. Concept Development, buffeted by continuing softness in the Godfather's system, lost $1.75, to close at $6.

Walt Disney led the actives list, closing down $4.50, to $59.25. It later sunk further as the Bass family consolidated their grip, reducing the chances of a hostile takeover, analysts said.

Diversifoods was up 63¢, to $11.63. Rumors circulated that Pillsbury was considering a takeover of Diversifoods. Both companies denied it.

Chi-Chi's lost $2, to close at $13.50. The company issued $50 million of convertible debentures. Priced at par, they carried a 9% coupon to Oct. 15, 2009 and is convertible at $17 worth of debentures for each common share.

Denny's, which reduced its $45-per-share going-private plan to $43 per share, rose $1.88, to $40. Analysts suggested the move improved the chances that the deal, planned since May, would be consummated.

### VOLUME LEADERS

| Company Name | The Week's Volume (100's) | Company Name | The Week's Volume (100's) |
|---|---|---|---|
| Disney, Walt | 34,734 | Denny's Inc | 5,052 |
| Diversifoods | 14,781 | McDonald's Cp | 4,577 |
| Chi – Chi's | 8,994 | Transworld | 4,315 |
| Holiday Inns | 7,661 | Pillsbury Co | 4,077 |
| Ramada Inns | 7,503 | PepsiCo Inc | 3,907 |

### TOP FIVE GAINERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Week |
|---|---|---|---|
| Wstn Steer | 87 | 11.00 | + 7.3 |
| Churchs Fr Ch | 3,495 | 27.75 | + 6.7 |
| Shoney's Inc | 1,114 | 32.38 | + 6.1 |
| Diversifoods | 14,781 | 11.63 | + 5.7 |
| Frisch's | 75 | 32.38 | + 5.3 |

### TOP FIVE LOSERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Week |
|---|---|---|---|
| Kapok Cp | 132 | 2.00 | – 27.3 |
| Concept Dev | 2,934 | 6.00 | – 22.6 |
| Mr Steak | 41 | 1.63 | – 18.8 |
| Victoria Stations | 1,492 | 4.00 | – 17.9 |
| Fast Food Oper | 187 | .88 | – 17.6 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Oct. 3 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| A&M Food Svcs | AMFD | 4.75 | 4.63 | 4.63 | .13 | 2.78 | 8.75 | 4.00 | -.59 | .93 | -3.49 | 36.14 | .40 | -.06 | S | -13.3 | 6.0 | 4.3 | 11.9 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 |
| Acapulco Rest | ALAR | 4.50 | 4.13 | 4.13 | -.38 | -8.33 | 6.63 | 3.88 | -.09 | -1.57 | -4.87 | 10.83 | -2.05 | -1.90 | S | -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 |
| Allegheny Bev | ABEV | 15.75 | 15.38 | 15.38 | .00 | .00 | 18.75 | 13.44 | -.23 | .12 | -2.20 | -.61 | 1.67 | .00 | S | .0 | 33.0 | 2.1 | 9.9 | .40 | 2.6 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 10.01 |
| Am Motor Inns | INN | 21.13 | 20.63 | 20.88 | .00 | .00 | 21.75 | 12.50 | -.05 | .62 | -15.45 | -3.93 | 1.26 | .01 | S | .8 | 34.0 | 8.6 | 18.3 | .16 | .8 | 08-09-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 |
| ARA Services | ARA | 66.63 | 65.75 | 66.13 | .00 | .00 | 67.50 | 40.25 | 1.29 | .51 | .33 | 2.68 | 4.51 | .92 | N | 23.0 | -1.0 | 1.8 | 13.4 | 2.10 | 3.2 | 08-27-84 | 3056.6 | 53.7 | 1.1 | 22.33 | 44.24 |
| Assoc Hosts | AHST | 16.00 | 14.38 | 15.63 | .75 | 5.04 | 17.00 | 10.50 | 1.07 | .83 | 4.36 | 14.16 | .72 | .33 | N | 61.1 | 1.0 | 3.6 | 18.0 | .12 | .8 | 09-11-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 |
| Beefsteak Char | BCS | 3.25 | 2.88 | 3.00 | -.25 | -7.69 | 5.25 | 2.63 | .03 | .60 | 1.52 | .17 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 |
| Bob Evans Farms | BOBE | 18.75 | 17.50 | 18.00 | .00 | .00 | 24.25 | 14.75 | -.08 | .10 | -6.01 | 1.73 | .98 | .09 | F | 10.1 | 16.0 | 8.0 | 18.4 | .30 | 1.7 | 08-06-84 | 201.7 | 16.1 | 3.0 | .00 | 5.54 |
| Brock Hotel Cp | BHC | 4.88 | 4.38 | 4.63 | .13 | 2.78 | 7.63 | 4.25 | .03 | 1.19 | .91 | 29.17 | .17 | -.04 | S | -22.2 | -10.0 | .7 | 33.0 | .10 | 2.2 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 |
| Calibre Cp | CLBR | 5.13 | 4.50 | 4.75 | -.25 | -5.00 | 10.25 | 3.25 | .87 | -1.08 | .21 | -16.67 | .07 | -.20 | S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 |
| Calny Food | CLNY | 9.25 | 8.75 | 8.75 | -.25 | -2.78 | 10.75 | 7.25 | -.10 | .38 | -.17 | 89.61 | .52 | .13 | Q | 27.6 | 6.0 | 4.8 | 14.6 | .16 | 1.8 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 |
| Capt Crab Inc | CRAB | 2.25 | 1.88 | 2.00 | -.13 | -5.88 | 7.13 | 1.63 | -.82 | -3.10 | -.74 | -9.30 | .00 | -.05 | N | NC | -67.0 | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 |
| Carrols Cp | CRL | 9.88 | 8.75 | 8.88 | -1.00 | -10.13 | 10.88 | 7.13 | -.10 | -.85 | -4.19 | 17.98 | .68 | .18 | F | 36.0 | 117.0 | 3.7 | 13.1 | .05 | .6 | 12-23-83 | 123.1 | 4.6 | .8 | 3.66 | 2.42 |
| Chi-Chi's | CHIC | 15.38 | 13.50 | 13.50 | -2.00 | -12.90 | 29.00 | 12.50 | -.58 | -1.59 | -2.23 | 25.14 | .66 | .26 | F | 65.0 | 121.0 | 10.3 | 20.5 | .00 | .0 | 09-28-83 | 161.7 | 16.7 | 2.6 | 1.87 | 1.62 |
| Chilis Inc | CHLI | 22.50 | 21.75 | 21.75 | .00 | .00 | 24.25 | 12.75 | .43 | -.22 | .23 | -9.70 | .29 | .17 | N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 |
| Ch Full O Nut | CHF | 10.00 | 9.13 | 9.25 | .00 | .00 | 20.28 | 8.50 | -.28 | -.36 | -.57 | -36.20 | .62 | -.20 | N | -35.7 | -6.0 | 2.9 | 25.7 | .48 | 5.2 | 06-29-84 | 111.6 | 3.2 | 2.9 | .34 | 6.69 |
| Churchs Fr Ch | CHU | 28.25 | 26.13 | 27.75 | 1.75 | 6.73 | 32.50 | 21.25 | -.03 | .86 | .48 | -20.35 | 1.66 | -.62 | Q | -28.0 | .0 | 6.8 | 17.5 | .80 | 2.9 | 10-29-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 |
| Collins Foods | CF | 24.63 | 21.25 | 21.25 | -3.50 | -14.14 | 25.00 | 14.88 | -.01 | -1.74 | -2.86 | 29.27 | 1.77 | .30 | F | 20.4 | 36.0 | 3.9 | 12.0 | .24 | 1.1 | 09-24-84 | 393.3 | 15.4 | 2.1 | 7.26 | 11.44 |
| Concept Dev | CDII | 7.75 | 6.00 | 6.00 | -1.75 | -22.58 | 17.69 | 6.00 | -2.61 | -4.65 | 10.27 | 17.54 | .06 | .06 | N | NC | 116.0 | 1.3 | NM | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 |
| Consul Corp | CNSL | 7.88 | 7.13 | 7.50 | -.50 | -6.25 | 18.25 | 7.13 | -.52 | -.33 | -4.23 | 8.65 | .32 | .06 | F | 23.0 | 35.0 | 2.2 | 23.4 | .00 | .0 | 00-00-00 | 63.4 | 1.4 | 5.0 | 1.02 | 5.33 |
| Cracker Barrel | CBRL | 19.25 | 16.50 | 16.75 | -2.25 | -11.84 | 25.50 | 15.75 | -.91 | -.13 | 10.95 | -25.88 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 18.0 | .14 | .8 | 09-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 |
| Cucos Inc | CUCO | 3.75 | 3.75 | 3.75 | -.25 | -6.25 | 5.00 | 3.50 | -.22 | .66 | 5.78 | -13.30 | .19 | .19 | N | NC | 38.0 | 8.3 | 19.7 | .00 | .0 | 00-00-00 | 2.4 | .2 | .7 | 20.00 | 50.00 |
| Denny's Inc | DEN | 40.25 | 37.38 | 40.00 | 1.88 | 4.92 | 41.38 | 30.25 | .00 | .59 | 5.35 | 9.51 | 2.76 | .22 | F | 8.6 | 16.0 | 3.7 | 14.5 | .72 | 1.8 | 09-04-84 | 1216.0 | 44.7 | 1.7 | 17.92 | 17.17 |
| Disney, Walt | DIS | 62.75 | 56.50 | 59.25 | -4.50 | -7.06 | 68.50 | 45.25 | .30 | .92 | 6.85 | 46.29 | 2.70 | .21 | N | 7.3 | -3.0 | 7.1 | 19.4 | 1.20 | 2.0 | 09-13-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 |
| Diversifoods | DFDI | 13.13 | 10.75 | 11.63 | .63 | 5.68 | 19.25 | 10.50 | -.42 | -1.93 | 4.44 | -39.40 | .99 | -.13 | S | -11.7 | 63.0 | 6.8 | 11.9 | .17 | 1.5 | 06-22-84 | 484.3 | 32.9 | 1.1 | 2.68 | 5.48 |
| Dunkin Donuts | DUNK | 25.00 | 24.63 | 24.75 | -.13 | -.50 | 26.25 | 18.13 | -.05 | .67 | -4.46 | -35.43 | 1.62 | .25 | N | 15.9 | 23.0 | 10.2 | 13.6 | .32 | 1.3 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 |
| El Torito Rest | ET | 13.63 | 12.25 | 12.50 | -1.13 | -8.26 | 14.63 | 9.00 | -.12 | .32 | -6.28 | -17.49 | .68 | .85 | S | NC | 43.0 | 4.1 | 14.7 | .00 | .0 | 00-00-00 | 210.7 | 8.6 | .5 | 4.97 | 4.76 |
| Esteban Foods | ESTB | 1.88 | 1.63 | 1.63 | -.25 | -13.33 | 5.00 | 1.63 | -.58 | -3.05 | 3.38 | -8.33 | .09 | .09 | S | NC | 22.0 | 1.9 | 18.1 | .00 | .0 | 00-00-00 | 10.3 | .2 | 1.3 | .73 | .81 |
| Fast Food Oper | POPI | 1.06 | .88 | .88 | -.19 | -17.65 | 2.75 | .88 | -.99 | -1.32 | 1.10 | 5.46 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 14.6 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 |
| Flakey Jakes | FJAK | 8.00 | 7.38 | 7.38 | -.63 | -7.81 | 9.13 | 4.00 | -.10 | -.98 | -1.19 | -8.18 | -.15 | -.15 | S | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 |
| Frisch's | FRS | 32.38 | 30.88 | 32.38 | 1.63 | 5.28 | 32.94 | 24.00 | .00 | 1.02 | 5.31 | -11.03 | 2.21 | .29 | F | 15.1 | 22.0 | 4.0 | 14.6 | .40 | 1.2 | 10-01-84 | 124.0 | 4.9 | 1.3 | 5.73 | 14.56 |
| Fuddruckers Inc | FUDD | 14.13 | 12.13 | 12.25 | -2.25 | -15.52 | 17.50 | 9.25 | -.20 | -2.39 | -5.84 | 40.73 | .06 | .02 | Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 |
| Garcias Scot | GMEX | 3.88 | 3.38 | 3.50 | -.38 | -9.68 | 9.50 | 3.38 | -.94 | .69 | .03 | 26.37 | -.48 | -.09 | Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 |
| Gen Mills | GIS | 58.88 | 54.00 | 55.00 | -4.00 | -6.78 | 60.00 | 41.63 | .15 | .61 | 2.84 | -55.61 | 4.98 | -.55 | Q | -10.5 | 12.0 | 4.2 | 11.8 | 2.24 | 4.1 | 10-03-84 | 5600.8 | 233.4 | 1.2 | 8.01 | 27.05 |
| Good Taco | TACO | 3.00 | 2.75 | 2.88 | .00 | .00 | 7.13 | 1.50 | .03 | -.21 | .75 | -50.80 | -.72 | -.39 | Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 |
| Hambrg Hamlet | HAMB | 11.00 | 10.75 | 10.75 | .00 | .00 | 11.25 | 9.50 | .04 | .46 | 3.41 | .00 | 1.16 | 2.26 | F | NE | -17.0 | 2.3 | 9.3 | .00 | .0 | 00-00-00 | 35.5 | .8 | 1.1 | 20.17 | 13.49 |

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

# FINANCIAL NEWS

## Moody's lowers Beefsteak Charlie's rating

NEW YORK — Citing continuing deficits, Moody's Investor Service has lowered its rating on Beefsteak Charlie's convertible debentures.

The rating agency reduced to single-B-3, from single-B-2, its evaluation of some $12 million worth of bonds the restaurant chain issued in 1983.

"Despite efforts to improve operations through menu changes, the implementation of new restaurant concepts, and the closing or remodeling of units, management thus far has been unable to effect a turnaround," Moody's said in its annual review.

"Last year's rating," said Michael Aaronson, Beefsteak Charlie's chief financial officer, "was based on the fact we expected to post a quarter of profitability in 1984. Our projection was tied to conversions. We are running behind in our conversion program."

The company has been testing three concepts—Nathan Detroit's, Tallulah's American Cafe and Daly's Dandelion—and repositioning its steakhouses in an effort to increase sales.

It expects in fiscal 1985 to convert half the 64-unit chain to one of the new concepts, Aaronson said.

Moody's review coincided with the release of the company's third-quarter earnings report, which showed a $387,000 net loss, vs. last year's $39,000 net profit, on a 14% sales drop to $19.9 million.

So far this year Beefsteak Charlie's has lost $1.7 million, compared to a $1.4 million net profit through the first nine months of 1983.

### EARNINGS REPORT

| Company | Period | Period Ended | Revenues | % Change | Net Income (Loss) | % Change |
|---|---|---|---|---|---|---|
| Carrols Corp. | 3 mos. | 8/31 | $ 38.280 | 18.0 | $ 2.140 | 16.0 |
| Church's Fried Chicken | 3 mos. | 9/2 | 126.610 | 12.0 | 10.360 | 54.0 |
| | 9 mos. | 9/2 | 360.140 | 16.0 | 28.100 | 9.0 |
| Consul Corp. | 3 mos. | 8/31 | 21.100 | 64.0 | 0.029 | –96.0 |
| Marcus Corp. | 3 mos. | 8/23 | 33.500 | 3.0 | 2.820 | 0.0 |
| Marriott Corp. | 3 mos. | 9/7 | 834.250 | 21.0 | 38.260 | 4.0 |
| | 9 mos. | 9/7 | 2,402.710 | 20.0 | 97.930 | 16.0 |
| McFaddin Ventures | 3 mos. | 8/31 | 10.910 | 37.0 | 0.964 | 4.0 |
| | 9 mos. | 8/31 | 30.960 | 40.0 | 2.530 | 13.0 |
| Morrison Inc. | 3 mos. | 9/1 | 117.870 | 4.0 | 4.610 | 0.0 |

Source: *Company earnings reports*

## FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Oct. 3 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity |
| | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| Hilton Hotels | HLT | 52.25 | 49.38 | 51.63 | 1.13 | 2.23 | 59.50 | 45.50 | .01 | 1.32 | -2.76 | 4.18 | 3.20 | .30 | S | 10.2 | -1.0 | 14.0 | 15.9 | 1.80 | 3.5 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 |
| Holiday Inns | HIA | 40.00 | 37.25 | 37.25 | -1.88 | -4.79 | 55.13 | 37.25 | -.25 | .12 | .10 | 31.07 | 3.28 | .41 | S | 14.1 | 12.0 | 7.8 | 11.3 | .90 | 2.4 | 09-05-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 |
| Horn & Hardart | HOR | 10.75 | 9.63 | 9.75 | -.75 | -7.14 | 26.19 | 9.50 | -1.34 | .03 | 2.63 | -23.07 | 1.09 | .35 | Q | 46.6 | 71.0 | 4.0 | 8.9 | .00 | .0 | 08-15-84 | 339.7 | 13.5 | 1.1 | 3.04 | 7.86 |
| Hungry Tiger | HTIG | 5.25 | 4.25 | 4.50 | -.75 | -14.29 | 9.38 | 4.25 | -.20 | -1.90 | 1.55 | -3.59 | .00 | -.78 | N | -130.0 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 |
| Intl Dairy Queen | INDQ | 39.50 | 39.00 | 39.50 | -.50 | -1.25 | 40.00 | 32.50 | -.01 | 1.07 | .26 | -13.64 | 2.94 | .70 | S | 27.6 | 54.0 | 6.2 | 12.2 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 |
| Int King Tab | IKNG | 16.75 | 16.25 | 16.50 | .00 | .00 | 20.91 | 11.38 | -.11 | .77 | .34 | 22.06 | 1.27 | .43 | F | 51.1 | 74.0 | 4.9 | 13.0 | .00 | .0 | 09-11-84 | 78.2 | 3.8 | .4 | 4.69 | 2.89 |
| JB's Rest | JBBB | 15.00 | 13.88 | 13.88 | -1.00 | -6.72 | 16.25 | 10.38 | -.05 | -1.48 | 1.19 | 6.15 | 1.00 | .07 | N | 6.7 | 20.0 | 4.1 | 12.5 | .20 | 1.4 | 08-06-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 |
| Jerrico Inc | JERR | 17.13 | 16.88 | 17.13 | .00 | .00 | 19.75 | 11.88 | .21 | .82 | 2.82 | 35.37 | 1.28 | .03 | F | 2.4 | 10.0 | 4.1 | 13.4 | .12 | .7 | 08-20-84 | 496.5 | 20.4 | 1.8 | 5.03 | 10.28 |
| Kapok Cp | KPK | 2.75 | 2.00 | 2.00 | -.75 | -27.27 | 6.25 | 2.00 | -.51 | -4.22 | 1.56 | 19.36 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 |
| Kelly-Johnston | KEJO | 4.13 | 3.38 | 3.75 | -.38 | -9.09 | 17.50 | 2.63 | -.84 | -1.73 | -4.38 | -45.44 | .04 | -.93 | Q | -221.4 | -27.0 | .3 | NE | .00 | .0 | 10-13-82 | 88.1 | .3 | 1.0 | 3.72 | 6.13 |
| Karcher Carl | CARL | 24.50 | 22.50 | 23.75 | -.25 | -1.04 | 43.75 | 18.75 | -.69 | -.12 | -2.78 | 24.61 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 15.5 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 |
| Luby's Cafe | LUB | 30.50 | 28.00 | 28.75 | .63 | 2.22 | 30.50 | 23.63 | -.06 | -.59 | -4.39 | 5.45 | 1.15 | .23 | N | 20.7 | 27.0 | 9.8 | 21.5 | .54 | 1.9 | 09-10-84 | 141.4 | 13.9 | 1.6 | .45 | 5.85 |
| Marcus Corp | MRCS | 14.75 | 14.38 | 14.38 | -.13 | -.86 | 15.00 | 11.38 | .01 | .17 | 2.96 | 26.79 | 1.44 | .16 | F | 12.5 | 6.0 | 5.8 | 10.0 | .28 | 1.9 | 07-10-84 | 126.7 | 7.4 | 1.2 | 2.72 | 11.07 |
| Marriott Corp | MHS | 80.25 | 72.88 | 73.75 | -3.38 | -4.38 | 80.25 | 58.50 | .09 | -1.32 | 1.17 | 11.86 | 4.15 | .59 | N | 15.0 | 28.0 | 3.8 | 16.3 | .44 | .6 | 09-17-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 |
| Maverick Rest | MAVR | 5.63 | 5.38 | 5.38 | -.38 | -6.52 | 7.00 | 4.13 | -.21 | .06 | -3.91 | 37.79 | .13 | .13 | S | NC | 85.0 | 9.5 | 41.3 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 |
| McDonald's Cp | MCD | 50.53 | 48.50 | 49.13 | -1.41 | -2.78 | 53.88 | 40.84 | -.16 | .15 | -2.24 | 5.72 | 3.83 | .58 | S | 16.4 | 23.0 | 11.4 | 12.0 | .82 | 1.7 | 09-25-84 | 3001.1 | 342.6 | .5 | 13.17 | 19.73 |
| Morrison Inc | MORR | 17.75 | 17.25 | 17.50 | -.25 | -1.41 | 20.75 | 13.13 | -.05 | .18 | -5.12 | -14.80 | 1.48 | .14 | F | 10.4 | 15.0 | 4.4 | 11.8 | .40 | 2.3 | 07-16-84 | 464.5 | 20.6 | 1.3 | 1.22 | 9.28 |
| Mr Steak | MSST | 1.88 | 1.63 | 1.63 | -.38 | -18.75 | 3.34 | 1.63 | -.99 | .57 | -3.05 | -53.55 | .15 | .10 | N | NE | -33.0 | 1.1 | NE | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 |
| Nathans | NATH | 2.63 | 2.50 | 2.50 | -.13 | -4.76 | 3.44 | 1.78 | .36 | -.36 | 2.45 | 15.35 | .19 | .17 | Q | 188.8 | 38.0 | 2.0 | 9.6 | .00 | .0 | 09-11-84 | 20.0 | .4 | .8 | .04 | 1.71 |
| Naugles Inc | NAUG | 8.88 | 8.63 | 8.63 | -.13 | -1.43 | 20.25 | 7.25 | -.24 | -.21 | -8.62 | 35.45 | -1.09 | -1.79 | F | -255.7 | -31.0 | -4.4 | NE | .00 | .0 | 11-01-82 | 114.8 | -5.1 | .8 | 6.57 | 4.96 |
| 1 Potato 2 | SPUD | 4.13 | 4.00 | 4.00 | -.13 | -3.03 | 12.50 | 4.00 | -1.88 | .78 | -10.00 | 24.83 | .05 | .05 | Q | NC | 115.0 | 1.1 | 80.0 | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 |
| Ogden Corp | OG | 26.13 | 24.25 | 25.50 | -1.63 | -5.99 | 32.50 | 24.25 | -.55 | .82 | 2.29 | -48.13 | 2.64 | .28 | S | 12.6 | -8.0 | 3.0 | 10.2 | 1.80 | 7.1 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 |
| Old Fashion Fd | OFFI | 5.25 | 5.25 | 5.25 | .00 | .00 | 8.50 | 4.75 | .04 | .77 | -3.24 | -34.24 | .60 | 12 | N | 22.2 | 25.0 | 6.3 | 8.0 | .00 | .0 | 00-00-00 | 9.5 | .6 | 1.7 | 3.01 | 3.01 |
| Pancho Mex Buffet | PAMX | 7.88 | 7.63 | 7.63 | .00 | .00 | 8.25 | 5.88 | -.12 | .89 | -2.53 | -47.41 | .43 | .12 | N | 29.2 | 61.0 | 4.8 | 14.4 | .13 | 1.7 | 09-06-84 | 25.1 | 1.2 | 1.2 | .11 | 2.75 |
| Peoples Rest | PEPL | 1.50 | 1.25 | 1.25 | -.25 | -16.67 | 11.25 | 1.25 | -.29 | -1.15 | -1.82 | 65.66 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 |
| PepsiCo Inc | PEP | 44.50 | 42.38 | 42.50 | -.88 | -2.02 | 45.50 | 33.88 | .01 | -.24 | -1.22 | -17.22 | 3.01 | .54 | S | 19.5 | 4.0 | 4.0 | 12.9 | 1.68 | 4.0 | 09-10-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 |
| Piccadilly Caf | PICC | 20.88 | 19.25 | 19.25 | -2.75 | -12.50 | 24.25 | 13.13 | -.54 | -1.26 | 2.74 | 6.47 | 1.40 | .41 | F | 41.4 | 6.0 | 4.8 | 13.8 | .60 | 3.1 | 09-10-84 | 173.8 | 8.4 | 1.6 | .00 | 7.71 |
| Pillsbury Co | PSY | 41.13 | 38.13 | 39.00 | -1.88 | -4.59 | 42.00 | 33.00 | .20 | -.27 | 2.97 | 3.81 | 3.91 | .60 | Q | 17.5 | 14.0 | 4.1 | 9.7 | 1.56 | 4.0 | 10-26-84 | 4172.3 | 169.8 | 1.2 | 11.65 | 24.22 |
| Pizza Inn | PZA | 10.50 | 9.63 | 9.63 | -1.13 | -10.47 | 15.75 | 8.38 | -.64 | -.34 | -3.24 | -34.59 | 1.14 | .23 | S | 25.8 | 28.0 | 2.5 | 8.6 | .08 | .8 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 |
| Po-Folks | POFO | 14.13 | 13.50 | 13.50 | -.13 | -.92 | 16.75 | 12.63 | -.65 | -.56 | .78 | 1.67 | .37 | .63 | N | NC | 9.0 | 1.9 | 21.4 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 |
| Ponderosa Sys | PON | 19.38 | 18.38 | 18.38 | -.50 | -2.65 | 24.88 | 17.13 | -.12 | -.02 | -3.27 | 24.22 | 1.51 | .07 | S | 4.5 | -2.0 | 2.9 | 11.3 | .40 | 2.2 | 09-18-84 | 418.0 | 12.1 | .8 | 7.66 | 13.57 |
| Prime Mtr Inn | PDQ | 23.88 | 22.63 | 23.13 | -.63 | -2.63 | 25.50 | 16.00 | -.09 | .80 | -9.06 | 6.66 | 1.20 | .21 | F | 21.2 | 71.0 | 18.0 | 19.3 | .12 | .5 | 06-29-84 | 96.0 | 17.3 | 6.9 | 4.83 | 5.90 |
| Primo Inc | PRMO | 4.13 | 4.00 | 4.13 | .13 | 3.13 | 7.00 | 2.38 | .66 | 1.68 | -3.12 | -2.89 | .11 | .11 | S | NC | 113.0 | 11.5 | 37.5 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 |
| Ramada Inns | RAM | 6.88 | 6.25 | 6.75 | .25 | 3.85 | 11.63 | 5.63 | -.29 | .52 | -5.46 | 22.83 | .13 | 1.37 | S | NE | -15.0 | .7 | 10.7 | .00 | .0 | 10-19-81 | 572.0 | 4.2 | .7 | 10.62 | 6.41 |
| Rax Restaurants | RAXR | 15.75 | 14.75 | 14.75 | -.50 | -3.28 | 21.50 | 12.50 | -.23 | -.29 | -1.59 | -63.40 | .57 | .63 | Q | NC | 57.0 | 3.8 | 23.4 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 |
| Rest Assoc | RA | 8.25 | 7.75 | 7.75 | -.63 | -7.46 | 9.50 | 6.50 | -.25 | -.70 | -9.20 | 22.83 | .88 | .09 | S | 12.5 | 20.0 | 1.9 | 9.6 | .00 | .0 | 00-00-00 | 118.8 | 2.2 | 1.0 | 6.40 | 8.21 |
| Rest Systems | RSYS | 14.25 | 13.00 | 13.00 | -1.00 | -7.14 | 14.25 | 9.00 | .05 | -1.35 | -3.87 | -10.92 | .72 | .13 | S | 19.4 | 19.0 | 4.7 | 16.3 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 |
| Ritzys G D | RITZ | 4.50 | 4.25 | 4.25 | -.25 | -5.56 | 10.75 | 3.50 | -1.09 | .44 | -4.08 | -2.63 | -.17 | -.11 | S | NE | -56.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 |
| Rusty Pelican | RSTY | 15.75 | 15.25 | 15.25 | -.13 | -.81 | 17.63 | 10.75 | -.27 | .77 | -1.42 | -6.25 | .53 | .58 | S | NC | 29.0 | 4.0 | 26.3 | .00 | .0 | 00-00-00 | 30.1 | 1.2 | 1.0 | 6.76 | 2.54 |
| Ryans Fam Steak | RYAN | 19.25 | 18.50 | 18.50 | -.50 | -2.63 | 26.50 | 15.50 | -.64 | -.15 | -4.86 | -74.89 | .52 | .27 | S | 71.0 | 59.0 | 10.8 | 28.5 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 |
| Saga Corp | SGA | 33.63 | 29.63 | 31.75 | -1.50 | -4.51 | 35.75 | 24.63 | -.26 | .49 | -2.24 | 47.52 | 2.40 | .47 | F | 24.3 | 62.0 | 2.7 | 13.2 | .44 | 1.4 | 08-20-84 | 1131.0 | 31.0 | 1.0 | 5.86 | 12.70 |
| Sandwich Chef | SHEF | 8.50 | 7.75 | 7.75 | -.50 | -6.06 | 13.50 | 6.75 | -.34 | -.86 | -9.49 | -7.00 | .55 | -.15 | F | -21.4 | 7.0 | 2.7 | 14.1 | .00 | .0 | 00-00-00 | 25.6 | .7 | 1.5 | .08 | 5.38 |
| Sea Galley | SEAG | 7.88 | 7.25 | 7.50 | .00 | .00 | 11.63 | 7.13 | -.66 | -.16 | 4.76 | -80.81 | .23 | .86 | S | 600.0 | 20.0 | 1.2 | 8.6 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 |
| Servico Inc | SRVI | 23.50 | 20.75 | 22.00 | .75 | 3.53 | 24.50 | 13.50 | .09 | -.28 | .83 | 33.70 | 1.19 | .89 | S | 156.1 | 19.0 | 2.5 | 15.1 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 |
| Shoney's Inc | SHON | 32.50 | 30.50 | 32.38 | 1.88 | 6.15 | 33.50 | 20.00 | .07 | .55 | -3.54 | .76 | 1.17 | .33 | N | 31.4 | 33.0 | 6.0 | 23.5 | .16 | .5 | 10-01-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 |
| Shoney's So | SHNS | 16.41 | 16.00 | 16.13 | .03 | .19 | 16.59 | 11.00 | -.02 | .44 | -12.07 | 4.74 | .99 | .36 | S | 46.7 | 33.0 | 3.5 | 14.3 | .00 | .0 | 00-00-00 | 142.0 | 4.9 | .7 | 2.81 | 7.01 |
| SIS Cp | SISB | 5.50 | 5.25 | 5.50 | .00 | .00 | 10.75 | 5.00 | .01 | 1.65 | -.04 | -41.91 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 39.3 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 |
| Sizzler Rest Intl | SIZZ | 17.00 | 16.25 | 16.25 | -.50 | -2.99 | 18.75 | 8.75 | -.30 | -.28 | -6.49 | 36.63 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 15.6 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 |
| Skippers | SKIP | 10.00 | 9.63 | 9.75 | -.25 | -2.50 | 11.50 | 8.00 | -.22 | .16 | -7.94 | 10.00 | .81 | -.01 | S | -1.2 | 24.0 | 4.0 | 12.3 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 |
| Sonesta Hotel | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 18.50 | 16.50 | .02 | .65 | 1.01 | .00 | 1.02 | -.94 | Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 |
| So Hospitality | SHOS | 4.38 | 4.13 | 4.13 | -.13 | -2.94 | 5.25 | 3.75 | -.54 | .15 | -2.17 | -15.35 | .33 | .06 | F | 22.2 | 90.0 | 4.2 | 12.5 | .00 | .0 | 00-00-00 | 35.7 | 1.5 | .8 | 4.32 | .24 |
| Consol Prdts | COPI | 5.13 | 5.00 | 5.00 | -.13 | -2.44 | 10.00 | 4.75 | -.05 | .80 | 1.88 | -17.44 | .29 | .06 | N | 25.0 | 74.0 | 2.1 | 16.7 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 |
| Taco Viva | TVIV | 8.75 | 8.00 | 8.00 | -.88 | -9.86 | 13.50 | 7.00 | -.10 | -1.12 | 1.91 | -5.70 | .40 | .43 | N | NC | 30.0 | 5.1 | 18.6 | .00 | .0 | 06-02-83 | 15.8 | .8 | 1.8 | .75 | 2.34 |
| TGI Friday's | TGI | 11.13 | 8.63 | 9.13 | -1.75 | -16.09 | 17.88 | 8.63 | -.75 | -1.41 | 4.21 | -3.39 | .65 | .68 | S | NC | 14.0 | 4.5 | 13.4 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 |
| TGIF Texas | TEXF | 2.38 | 2.38 | 2.38 | .00 | .00 | 7.50 | 2.25 | .08 | .65 | -6.42 | 76.39 | .06 | -.01 | Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 |
| Transworld | TW | 29.63 | 28.00 | 29.38 | .75 | 2.62 | 33.53 | 22.97 | .01 | .67 | 3.99 | -16.17 | 1.30 | 7.19 | S | NE | 76.0 | 3.2 | 4.6 | .40 | 1.4 | 08-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 |
| USACafes | USCF | 4.13 | 3.63 | 3.75 | -.13 | -3.23 | 5.25 | 2.75 | .81 | -1.46 | -3.31 | -7.92 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA |
| Vicorp Restaurants | VRES | 20.75 | 18.63 | 19.13 | -1.38 | -6.71 | 22.00 | 12.88 | .18 | -1.15 | 1.70 | -67.94 | .85 | .42 | N | 56.0 | 57.0 | 5.1 | 16.3 | .12 | .6 | 08-17-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 |
| Victoria Stations | VSTA | 5.38 | 4.00 | 4.00 | -.88 | -17.95 | 9.63 | 4.00 | -.67 | -7.38 | 2.95 | 33.89 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 |
| Vie de France | VDEF | 14.38 | 13.88 | 13.88 | -.50 | -3.48 | 15.25 | 10.50 | -.18 | -.02 | -6.20 | 25.78 | .47 | .47 | F | NC | 126.0 | 10.0 | 29.5 | .11 | .8 | 06-11-84 | 43.1 | 4.3 | 1.2 | .18 | 1.08 |
| Wendys Intl | WEN | 19.88 | 17.75 | 18.00 | -1.75 | -8.86 | 20.50 | 12.38 | -.17 | -1.16 | -.69 | 27.81 | 1.01 | .27 | S | 30.3 | 22.0 | 7.7 | 15.5 | .24 | 1.3 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 |
| Wstn Steer | WSMP | 11.00 | 10.25 | 11.00 | .75 | 7.32 | 13.25 | 9.00 | .25 | .68 | -7.01 | 74.80 | 1.02 | .07 | Q | 7.1 | 4.0 | 3.3 | 10.5 | .20 | 1.8 | 08-24-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 |
| Winners Cp | WNR | 7.75 | 7.00 | 7.00 | -.63 | -8.20 | 16.25 | 7.00 | -1.86 | -1.17 | .68 | -2.40 | .63 | .01 | S | 1.6 | 11.0 | 3.3 | 11.3 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | 1.2 | 10.32 | 7.40 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

DATELINE D.C.

# Feds' sanitary proposal under fire from industry

By Ken Rankin

Two new Food and Drug Administration (F.D.A.) initiatives designed to upgrade food-service sanitation standards are eliciting stiff opposition from restaurant industry leaders concerned over possibly damaging fallout from the agency's proposals.

One controversial new program under consideration by the F.D.A. would establish a national certification standard for food-service industry unit managers to ensure that restaurant supervisory workers possess a fundamental understanding of sanitation and food safety.

Under this plan, restaurant managers would be subject to a "certification test" (administered by a group, such as the Educational Testing Service) designed to single out those with flawed perceptions of the importance of sanitary conditions.

F.D.A. officials are also considering a plan to place special emphasis on ensuring that fast-food chains and other multiunit operators comply with minimum food safety and sanitation ground rules.

Although F.D.A. officials regard their proposal for "Evaluation of Multi-Unit Food Companies" as an efficient and effective method to ensure health and safety standards, restaurant industry leaders see nothing but potential problems ahead if this initiative gets off the ground.

The controversy over the agency's new food-service sanitation proposals surfaced late last month after a meeting between F.D.A. regulators and the National Restaurant Association's Energy and Technical Services Committee.

The chairman of that panel, Bloomington, Ind., restaurateur Stephen Huse, expressed concern that the F.D.A.'s multiunit evaluation initiative might create serious public relations problems for many of the larger food-service chains.

"The committee's objection was that substandard conditions in a few units may be exposed to the public through the Freedom of Information Act," Huse told NRA leaders at the group's board meeting in Washington. "Competitors or reporters might brand a whole chain as unsafe, on the findings in a few units."

Although in discussions with leaders in the restaurant industry F.D.A. officials acknowledged the possibility of such unfair publicity, they nevertheless believe that the benefits of a crackdown on food-service chains "might outweigh the risks," Huse said.

At presstime, NRA staffers were under orders to draft a "statement of concern" to the F.D.A., spelling out the restaurant industry's opposition to both the multiunit "evaluation" initiative and the scheme to subject food-service unit managers to sanitation testing.

But the NRA is not likely to limit its protest to polite correspondence with F.D.A. food regulators.

During the board meeting NRA executive vice president Robert Fisher asked key association members for a list of their personal contacts on the House and Senate Agriculture committees in case the industry needs to bring congressional pressure to bear on the F.D.A.

# Small food-service units generated the most new jobs

*By an* NRN *Staff Writer*

WASHINGTON — The nation's smallest food-service operators—those with fewer than 20 workers—generated more than 170,000 new jobs during the severe 1980-82 recession, researchers at the Small Business Administration have informed *Nation's Restaurant News*.

Despite the negative economic climate during the first three years of the decade, total employment at these small "eating and drinking places" rose by 21.7%—an increase described as "phenomenal" by S.B.A senior economist Bruce Phillips.

Medium-size food-service establishments—those employing from 20 to 99 workers—also posted a net gain in total employment during the 1980-82 period, but the growth rate for this segment was much lower than for smaller restaurants, according to the new S.B.A. figures. The number of jobs in these establishments rose by 16,529.

In contrast, employment levels in the nation's restaurant chains and other large food-service outlets (100 or more workers) declined by nearly 20,000 jobs during the two-year recession.

The "remarkable" growth of employment opportunities among the nation's smallest restaurants parallels a similar, but less pronounced, trend throughout the economy generally, according to a freshly released S.B.A. report, *Job Generation*, written by Phillips.

In summarizing the findings of that S.B.A. study, Phillips concludes that "the evidence is very strong that small businesses create more than their proportionate share of the nation's new jobs."

Overall, the study found that large companies with more than 100 employees actually lost 1.6 million jobs from 1980 to 1982.

Although many retail industries lost employees, only food stores and eating and drinking places grew and kept growing throughout the recession. Food stores increased jobs by a total of 67,990.

The continued growth of restaurants with under 20 employees accounted for almost half (47%) of the jobs generated under all retail trade firms of comparable size from 1980 to 1982, according to the S.B.A. figures.

*In contrast, employment declined by 20,000 jobs during the same period for restaurant chains and large fast-food outlets.*

Small-business growth had regional effects, too. The S.B.A. study maintains that new small-business jobs "significantly lessened the effects of the 1980-82 recession" in several regions throughout the country.

"This tendency of small firms to hold on to their employees more than large firms during recessions serves as a cushion against the impact of cyclical downturns," the S.B.A. report says.

After its explanation of the important role of small firms in economic development, the S.B.A. study addresses the question of appropriate Federal policy.

"Because small firms respond faster to new opportunities through new market entrance, policies that ease entry in emerging industries help both small business and the economy," the report maintains.

The report adds that Government policies that promote low inflation and low interest rates are particularly helpful to small businesses.

The S.B.A. study applauds deregulation that eliminates the fixed costs associated with new business formation but decries restrictive licensing and regulatory schemes that impose high fixed costs of compliance on small businesses.

A higher level of direct small-firm participation in Federal job programs that have job creation as a policy goal is needed, the report suggests.

Citing the Department of Housing and Urban Development's Urban Development Action Grants for downtown revitalization, the S.B.A. report proposes that encouraging small businesses "to locate in blighted areas may be more beneficial than creating jobs in the revitalized areas by subsidizing chain stores to relocate there."

The S.B.A. study also says that something that ought to be decided "for the 1980's is whether small firms should receive tax concessions for the valuable training services they perform."

The report says that national policy cannot be established without more documentation on the relationship between firm size, training, productivity and wages.

But the report emphasizes the importance of small-firm training. Small-business "flexibility in providing career training and absorbing short-term workers who do not need or want such training is the small firm's most important function."

Even though a job with a small business may be short-lived because of the average ¼ to ⅓ first-year failure rate of new small companies, "the flow of new jobs always outweighs the flow of job losses in the aggregate," the report notes. The contribution of small businesses in the job creation process therefore remains great.

An effort must be made to include small-business job creation potential in current and proposed economic development legislation, Phillips told *NRN*.

## More jobs spurred by units opening during recession

*By an* NRN *Staff Writer*

WASHINGTON — Behind the steep upsurge in jobs generated by small food-service operations was a remarkable increase in the number of eating and drinking places opened during the recent economic recession, Small Business Administration officials note.

Although the total number of business establishments in the United States rose by 2.6% during the economically depressed 1980-82 period, the number of eating and drinking places grew by 6.2%, according to figures supplied to *NRN* by the S.B.A.

Specifically, those figures indicate that food-service establishments nationwide increased from 200,382 in 1980 to 212,895 in 1982, for a net gain of 12,513 units.

Although more than 39,000 eating and drinking places closed their doors forever during the recession, these business "deaths" were more than offset by the "birth" of nearly 52,000 new food-service units from 1980 to 1982.

Significantly, all of that unit growth reflects expansion of the smallest segment of food-service—establishments employing fewer than 20 workers.

According to S.B.A.'s small-business data base, the total number of these small eating and drinking places rose by 11.2% during the recession.

On the other end of the scale, restaurant chains and other large food-service establishments posted a net decline of 2.3%.

Small- to medium-size food-service operators (with 20 to 99 employees) also declined slightly (0.6%) during that three-year period, but the number of restaurants and drinking places employing from 100 to 499 workers rose marginally (0.9%) from 1980 to 1982.

The rapid-fire growth of the small-restaurant segment from 1980 to 1982 may not reflect the current situation.

Other studies have found that, though small businesses grow more rapidly than larger firms during poor economic times, the reverse is true during times of strong overall economic expansion.

**RESTAURANT UNIT GROWTH: 1980-1982**

| Size of Restaurant (No. of workers) | 1980 | 1982 | Net Change No. of units | % Change |
|---|---|---|---|---|
| Under 20 | 117,353 | 130,482 | +13,130 | +11.19% |
| 20-99 | 48,838 | 48,564 | − 274 | − 0.56 |
| 100-499 | 13,710 | 13,836 | + 126 | + 0.92 |
| 500 and Over | 20,482 | 20,013 | − 469 | − 2.29 |
| All Eating and Drinking Places | 200,382 | 212,895 | +12,513 | + 6.24 |

Source: U.S. Small Business Administration

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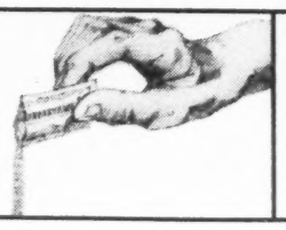
**Decaf and Aspartame: Replacing the real thing**
—Page 12



**MUFSO keynoter Brown on reshaping food service**
—Page 37

**State-by-state legislative recap**
—Pages 76-77

Nation's
# Restaurant News®

*The Weekly Newspaper of the Food-Service Industry*

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# New strategies sought to bolster bar sales

## *Liquor gets 'a bad name'*

**By Roman Czajkowsky**

NEW YORK — At the No Name bar, a cozy hole-in-the-wall on the northern fringe of Greenwich Village that caters to blue-collar workers, aspiring artists and neighborhood folks, a grandfather clock seems to be stuck forever at 13 minutes before 11 o'clock. Surveying the half dozen patrons lounging at the well-worn bar, which stretches the entire length of the narrow

*(Continued on page 96)*

**Restaurant and tavern operators across the country are scrambling for ways to salvage sagging liquor sales.**

## *Operators put emphasis on lighter, specialty drinks*

**By Ken Frydman**

With the threat of a new temperance era becoming ever more real, operators are reorienting bar sale strategies to stress a growing range of products that include wine coolers, low alcohol low-calorie wines and beers and light seasonal drinks.

Traditional drinks of choice, like white good favorites of recent years, are falling out of favor.

Driving the process of change ever faster are tough drunk driving laws, the health and fitness craze and a growing social and legal intolerance of alcohol overconsumption.

Moderation has become a byword for millions as America settles into a climate marked by the most puritanical attitude toward alcohol use since Prohibition days.

As during the 1920's and early 1930's, the country's restaurants, bars and other food-service establishments have been particularly hard hit by declining sales of distilled spirits and beer.

Per-capita consumption of distilled spirits fell last year, the fifth year in a row. Beer consumption, after dropping in 1982, was up slightly last year but is declining again this year. Although wine drinking increased moderately in 1983, it paled by comparison with

*(Continued on page 96)*

# *Industry raises banner of political action*

**NRN Special Report**

ORLANDO, Fla. — With the naming of George Williams, General Mills' restaurant group general counsel, to the additional post of government affairs vice president, one of food service's major chains has signaled a growing commitment to political activism.

"It's become a hot button for us, and an area in which we intend to get increasingly involved," said restaurant group president Joe Lee of the company's political activities.

Williams' appointment is symbolic of a newly activist mood not only at General Mills but at other food-service concerns as well.

Galvanized by an onslaught of political issues from taxes to temperance, the industry is committed, as never before, to political action, key government affairs specialists say.

These observers say food-service operators—from single-unit independents to huge conglomerates—are taking an increasingly active role in informing legislators and regulators about the industry's concerns. And, in so doing, they are helping to shape issues.

"Restaurateurs as prudent

*(Continued on page 96)*

INSIDE NRN

**PIZZA, upscale foods will be the fastest-growing market segments in the next 10 years. . . . . 9**

**MARSHMALLOW marketing—A primary reason for restaurant failures. . . . . 21**

**WARFARE between franchisee leaders and fast-food lobbyists appears all but certain . . . . . 24**

INDEX

| | | | |
|---|---|---|---|
| Financial | 4, 5 | Inside Washington | 24 |
| Opinion | 6 | Managing Human Resources | 66 |
| Spotlight on Finance | 9 | Food-service Books | 72 |
| Wall Street View | 9 | People | 78 |
| Food Trends | 12 | New Products | 85 |
| Advertising & Promotions | 21 | Classified | 87-94 |

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# Execs downplay nutrition craze

## *MUFSO '84 roundtable participants discourage 'overreacting' to trend*

**By Joe Edwards**

DALLAS — All the recent hype about consumer demands for foods perceived to be healthy and nutritious has not escaped notice by top chain restaurant executives, but they are not yet ready to bet the proverbial ranch on tofu, bean sprouts and whole grain breads.

Many chain officials, in fact, said they feel it would be a mistake to "overreact" to the health and fitness craze in the United States by drastically changing their menus.

Wondering whether the "nutrition situation" is real or perceived, Pizza Hut president and chief executive Arthur Gunther questioned whether customers are "practicing what they preach" by ordering more healthy meals. "Or," he asked, "are they the same type that reads *Playboy* but covers it up with *Time* when a friend comes in?"

Gunther advised that operators add some healthy food "tokens" to their menus, but he added, "Let's not overreact. I don't know if customers are that demanding."

Norman Brinker, chairman and chief executive of Chili's, a burger chain that recently

*(Continued on page 61)*

**Flakey Jakes president and ceo Robert Luckey (left) and Denny's division president David Bixler talk nutrition.**

# *Dunkin' Donuts campaign takes aim at supermarkets*

*By an NRN Staff Writer*

RANDOLPH, Mass. — The 1,250-unit Dunkin' Donuts chain will pump $140 million into a five-year network advertising program aimed at hammering away at its main competition—in-store supermarket bakeries.

"We anticipate supermarket bakeries remaining our main competitors for market share, sales and profit growth," said Sidney J. Feltenstein Jr., Dunkin' Donuts' senior vice president, in charge of marketing.

Dunkin' Donuts' advertising intent is to differentiate—in the consumer's mind—its product from the supermarkets'.

"We have a lot of equity in

*(Continued on page 96)*

# Grace to buy 29 more Host dinnerhouses

## *Deal would remove Marriott from segment*

**By Richard Martin**

NEW YORK — W. R. Grace & Co. has agreed to buy 29 dinnerhouses from Marriott Corp.'s Host International division for an undisclosed price.

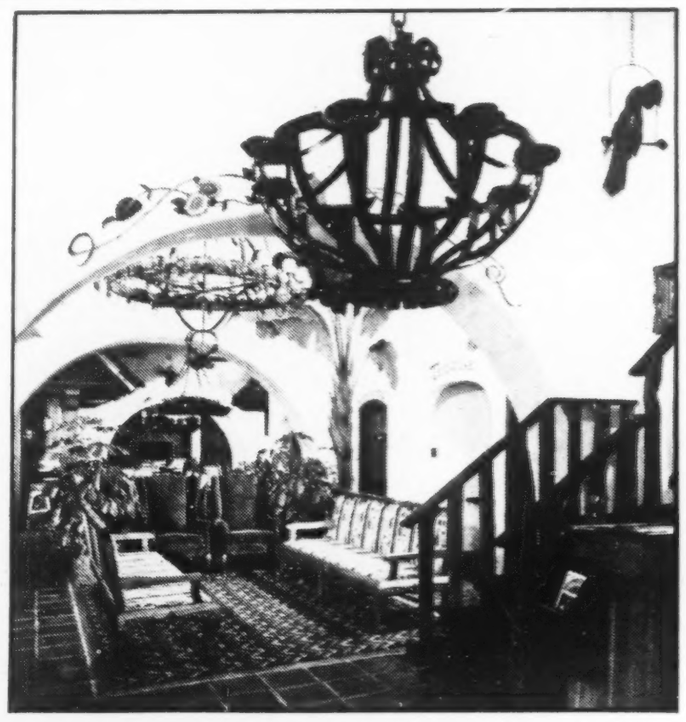
The proposed acquisition follows a purchase agreement last month in which all 24 of Marriott's Casa Maria restaurants would move into the ranks of Grace's El Torito subsidiary.

Subject to definitive purchase agreements and other approvals, Grace will thus increase its $700-million-a-year, 580-unit dinnerhouse holdings by 53 units, mostly in prime California and Northeast markets.

Marriott, for its part, would cease dinnerhouse operations as a result of the two deals, concentrating on its Big Boy coffee shop and Roy Rogers fast-food chains and its lodging and in-flight operations.

Included in the 29 dinnerhouses Grace would pick up from Host are 13 Charley Brown's units in the West; 10 Charley's Place units in the East, and six "specialty format" restaurants in the East, including Hogates and Barley Mow in Washington, D.C., H. I. Ribster and Carnegie's in Virginia, Phineas's in Maryland and Joshua Tree in Hartford, Conn.

The various divisions of the Grace restaurant group now include such concepts as Houlihan's Old Place, Bristol Bar & Grill, Baxter's, R. J.'s The Rib Joint, Gladstone's 4 Fish, Reuben's, Coco's coffee shops, Del Taco Mexican cafés and T. J. Applebee's "adult" fast-food restaurants.



**Among the restaurants Grace will be acquiring from Host will be 13 Charley Brown's, including the one above, right. Above, left : a Casa Maria restaurant.**

# *Alaskan alcohol-abuse program delays 6% liquor tax*

**By Judith Packer**

ANCHORAGE — Restaurateurs in the nation's biggest state have joined forces with the alcohol industry to form a commission geared toward fighting alcohol abuse—a move aimed at warding off a new sales tax on liquor.

In return, the Anchorage City Council has agreed to postpone until 1985 the issue of placing a referendum on the ballot for a 6% sales tax on all retail alcohol sales.

The move teams the Alaska Wine and Spirits Wholesalers Association with the Anchorage Restaurant and Beverage Association.

The group will focus on communication and education programs rather than on treatment or rehabilitation programs.

Concern over alcohol abuse in Alaska, where the per-capita consumption of liquor is the highest in the nation, led to a unanimous state court ruling that upholds a 1980 local option law. The law was held justifiable as necessary to the public health and welfare.

Currently the local option law allows communities to decide whether to ban completely the sale and importation of liquor, to ban alcohol sale but allow its importation for private use or to limit alcohol sale to licensed establishments.

**Per capita consumption of liquor in Alaska is the highest in the United States.**

**COMMODITIES**

## U.S. poultry production gears up for expansion

**By Gary S. Friedman**
*Commodities Analyst*

American poultry production, in unison with world production, is gearing up for expansion as the American producer enjoys brighter prospects because of an increased and newly created demand.

World production is expected to rise about 1.6% this year, with a 1985 anticipated growth of 3%. Domestic growth for 1984 is 2.1% and for 1985 projected at 4%.

Domestic growth is attributable to three things: competition from beef and pork, lower feed grain costs and the strong introduction of chicken nugget-type products in fast-food units.

Consumer preferences have been changing noticeably. A study by the American Meat Institute forecasts a continued decline of red meat consumption in this country. As consumers want more chicken, poultry producers are laying the foundation of what looks like steady growth in their industry.

Despite readily available beef supplies and cheaper prices, consumers are not biting at the bait. Beef producers with thin margins, especially in Oklahoma and western Texas, are reducing their herds and future production by cutting back on brood cows. The milk diversion program has also contributed to the increased slaughter. Analysts predict by next year the cycle will turn around and there will be an effort to rebuild herds. It is likely that supermarket prices will climb.

Pork has been in short supply. The first quarter of 1985 is predicted to show a 1%-2% drop in production. The bottom of the pork cycle seems to be near. Expect to see pork production increase fairly soon.

Poultry exports have decreased because of a generally faltering economy worldwide. Furthermore, in the Middle East, poultry farmers are producing in sufficient quantities to satisfy local demands.

### *PRICE MOVEMENT AT A GLANCE*

| | 10/10/84 | YEAR AGO |
|---|---|---|
| Beef, 700-900 lb., Mid-U.S., lb., f.o.b. | $ 0.92 | $ 0.93 |
| Broilers, dressed, "A," NY, lb. | $ 0.5373 | $ 0.5656 |
| Hogs, Iowa, avg., cwt. | $43 | $41.50 |
| Steers, Tex.-Okla., avg., cwt. | $61.81 | $60.50 |
| Sugar, cane, raw, world, lb., f.o.b. | $ 0.0487 | $ 0.1015 |

*Source: NRN Research*

# Skylark buys $6M share of Red Robin

*By an NRN Staff Writer*

TOKYO — Japan's second-largest restaurant company, 442-unit Skylark Co. Ltd., has paid $6 million to acquire a "significant minority interest" in Red Robin International, the 23-unit "gourmet" burger chain based in Seattle.

By setting up a Red Robin franchise division in Japan, Skylark could increase its stake in Red Robin to 50% through an additional infusion of $8 million over the next 30 months, provided the full-service franchise concept keeps pace with its expansion projections in the United States.

Fueled largely by the cash from Skylark, Red Robin plans 20 new units next year, on its way to a targeted 140 restaurants in America—half of them franchised—by 1988. Expansion will focus on the Tampa/Orlando, Chicago and Los Angeles markets.

The company reports current average annual unit-sales volume of more than $1.9 million, and it expects system-wide sales to reach $38 million this year.

Red Robin chairman and chief executive officer Gerald Kingen and president Greg Hubert in Tokyo were working out details of a "mutual technical assistance" pact between the two companies, aimed at expediting development of an indefinite number of Red Robin units in Japan.

Skylark's 442 American-style coffee shops in Japan comprise the country's largest such chain. In dollar equivalents, the publicly held company had net profit of about $14 million.

As a result of its agreement with Red Robin, Skylark "will be able to reach additional segments of the Japanese market and strengthen further its industry position," Kingen said.

# *Execs see a resurgence for Long John Silver's*

**By Joe Edwards**

NEW YORK — Top executives at Long John Silver's and parent Jerrico, who have had little to cheer about in the last two years, are now claiming that a "turnaround" is under way at the 1,360-unit fast-food fish chain.

Appearing before the New York Society of Security Analysts, they said they base their optimism on modest sales and profits gains in the last two quarters, initial customer traffic increases at refurbished units, favorable customer response to new menu items and a back-to-basics program that has improved operations and boosted morale at the unit level.

Jerrico chairman Warren Rosenthal forecast "a major resurgence" for the chain in 1985 and declared he has never been "more excited, bullish or confident" in its future. "Long John Silver's has not begun to peak in company growth and franchisee

*(Continued on page 95)*

**Warren Rosenthal: Never "more excited, bullish or confident" in Long John Silver's future.**

FINANCIAL NEWS

# Allegheny acquires Terminal Vending

BALTIMORE — Allegheny Beverage Corp. has acquired the principal assets and operations of Terminal Vending Co. Inc., a New Jersey full-line vending company, in a cash transaction.

Terminal Vending distributes food, snacks, beverages and cigarette products in southern New Jersey, eastern Pennsylvania and Delaware from its present headquarters in Oaklyn, N.J. The products are vended through machines on customer sites at industrial, military, college, school and hospital locations. Terminal Vending was founded in 1954 by George Hamilton Sr.

The acquired operations will be part of the food-service and vending segment of the Macke Co., a wholly owned Allegheny subsidiary. Macke currently provides food service and vending in the areas served by Terminal Vending and will operate Terminal's business from Macke facilities in Pennsylvania and New Jersey.

The Terminal operation is the 12th food-service and/or vending acquisition made by Macke in the last 12 months. Macke has acquired seven additional operations in other lines of business in the same period.

Allegheny's principal subsidiaries are engaged in food service and vending, carbonated beverages, coin-operated laundry services, building maintenance services and retail office furniture operations.

# Topsy's International faces proxy contest

KANSAS CITY, Mo. — Topsy's International, an operator of snack bars in malls and discount stores, has been served notice that a pair of money management firms plan a proxy contest at the company's November annual meeting.

A group led by Twentieth Century Financial Corp. and U.S. Investments Corp., both also based in Kansas City, said it owned almost 25% of Topsy's stock and planned to buy more.

The group said it had no specific plans for Topsy's, but suggested paying a cash or stock dividend to Topsy's holders and reorganizing the company into Twentieth Century Financial.

FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

# Food-service slump goes on; overall slowdown seen

By Charles Forman

NEW YORK — The market continues to take a dim view of food-service stock prospects while evidence trickles in to back projections of economic slowdown made by many forecasters.

For the latest two weeks restaurant issues tracked by *Nation's Restaurant News'* food-service stock list slumped badly, with only 14 stocks up and 74 down. Eleven issues were unchanged.

The biggest loser was Kapok Corp., off 52.4%. The stock is trading at $1.25 a share, far from the 52-week high of $6.25. Kapok's dinnerhouses are run under management contract by Popeyes franchisee Fast Food Operators, whose own stock was down 18.8%.

Victoria Station, with its head barely above water now as it struggles to get financing to keep operating, tumbled 43%.

Aside from individual problems, patterns were apparent in the results, with trends varying at least some degree from segment to segment.

On the downside, Mexican dinnerhouses in general suffered as the market apparently corrected for some of the blue-sky optimism that has driven the group.

Chi-Chi's fell 6.8%, and its major franchisees, Consul Corp. and Kelly-Johnston, slipped 4.8% and 9.1%, respectively. Chi-Chi's closed at $13.63 a share, not much more than half its 52-week top of $26.38.

Significantly, El Torito, considered the segment leader, dropped 6.1% as investors cast a baleful eye at the very competitive situation in the segment and expressed some worry about El Torito's close-to-the-bone unit margins.

Other segment participants with less intrinsic strength fell, too. Garcia's of Scottsdale was off 17.2%; Pancho's Mexican Buffet slipped 8.2%.

### VOLUME LEADERS

| Company Name | The Week's Volume (100's) | Company Name | The Week's Volume (100's) |
|---|---|---|---|
| Chi – Chi's | 9,851 | Transworld | 6,913 |
| Diversifoods | 9,599 | Ramada Inns | 4,815 |
| Ponderosa Sys | 8,749 | Wendys Intl | 3,290 |
| Disney, Walt | 8,090 | ARA Services | 3,270 |
| PepsiCo Inc | 7,351 | Ogden Corp | 2,792 |

### TOP FIVE GAINERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Week |
|---|---|---|---|
| Esteban Foods | 828 | 2.38 | + 35.7 |
| Allegheny Bev | 1,266 | 19.00 | + 20.6 |
| Concept Dev | 2,477 | 7.75 | + 10.7 |
| Primo Inc | 121 | 4.38 | + 9.4 |
| SIS Cp | 8 | 6.00 | + 9.1 |

### TOP FIVE LOSERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Week |
|---|---|---|---|
| Kapok Cp | 761 | 1.25 | – 52.4 |
| Victoria Stations | 2,402 | 3.00 | – 42.9 |
| Fast Food Oper | 296 | .81 | – 18.8 |
| Ponderosa Sys | 8,749 | 15.63 | – 18.3 |
| Garcias Scot | 915 | 3.00 | – 17.2 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Week Ended Oct. 10 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | | Pct | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| A&M Food Svcs | AMFD | 4.75 | 3.88 | 4.13 | -.50 | -10.81 | 8.75 | 3.88 | -.49 | -1.48 | -5.57 | 23.21 | .40 | -.06 | S | -13.3 | 6.0 | 4.3 | 10.6 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 |
| Acapulco Rest | ALAR | 4.38 | 4.13 | 4.13 | -.38 | -8.33 | 6.50 | 3.88 | -.25 | .07 | .14 | 30.77 | -2.05 | -1.90 | S | -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 |
| Allegheny Bev | ABEV | 19.00 | 15.38 | 19.00 | 3.25 | 20.63 | 19.00 | 13.44 | .10 | 4.89 | 3.77 | 59.25 | 1.67 | .00 | S | .0 | 33.0 | 2.1 | 12.2 | .40 | 2.1 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 10.01 |
| Am Motor Inns | INN | 21.13 | 20.38 | 20.75 | -.13 | -.60 | 21.75 | 12.50 | -.06 | .15 | -11.67 | 79.65 | 1.26 | .01 | S | .8 | 34.0 | 8.6 | 18.2 | .16 | .8 | 08-09-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 |
| ARA Services | ARA | 67.75 | 66.00 | 67.50 | .88 | 1.31 | 67.75 | 40.25 | 1.11 | .58 | -.65 | -19.39 | 4.51 | .92 | N | 23.0 | -1.0 | 1.8 | 13.7 | 2.10 | 3.1 | 08-27-84 | 3056.6 | 53.7 | 1.1 | 22.33 | 44.24 |
| Assoc Hosts | AHST | 17.13 | 15.38 | 16.00 | .75 | 4.92 | 17.13 | 10.50 | .89 | -.09 | 3.76 | -10.83 | .72 | .33 | N | 61.1 | 1.0 | 3.6 | 18.4 | .12 | .8 | 09-11-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 |
| Beefsteak Char | BCS | 3.13 | 2.88 | 3.00 | -.13 | -4.00 | 5.00 | 2.63 | -.32 | -1.12 | -.89 | 5.15 | -1.30 | -2.34 | Q | -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 |
| Bob Evans Farms | BOBE | 18.75 | 18.00 | 18.25 | -.50 | -2.67 | 24.25 | 14.75 | -.14 | .28 | -1.40 | 13.84 | .98 | .09 | F | 10.1 | 16.0 | 8.0 | 18.6 | .30 | 1.6 | 08-06-84 | 201.7 | 16.1 | 3.0 | .00 | 5.54 |
| Brock Hotel Cp | BHC | 4.88 | 4.38 | 4.38 | -.38 | -7.89 | 7.63 | 4.25 | .09 | -.88 | -.11 | 49.32 | .17 | -.04 | S | -22.2 | -10.0 | .7 | 31.3 | .10 | 2.3 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 |
| Calibre Cp | CLBR | 4.88 | 4.50 | 4.50 | -.50 | -10.00 | 9.50 | 3.25 | .79 | -.86 | -.97 | 7.26 | .07 | -.20 | S | NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 |
| Calny Food | CLNY | 9.00 | 8.25 | 8.50 | -.25 | -2.86 | 10.75 | 7.25 | -.13 | -.42 | -4.90 | 12.86 | .52 | .13 | Q | 27.6 | 6.0 | 4.8 | 14.2 | .16 | 1.9 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 |
| Capt Crab Inc | CRAB | 2.13 | 1.88 | 2.13 | -.13 | -5.56 | 7.13 | 1.63 | -.72 | -.15 | -2.95 | 25.65 | .00 | -.05 | N | NC | -67.0 | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 |
| Carrols Cp | CRL | 9.38 | 8.38 | 8.50 | -.75 | -8.11 | 10.88 | 7.13 | -.42 | .14 | -.42 | -18.26 | .68 | .09 | Q | 15.7 | 70.0 | 3.8 | 12.9 | .05 | .6 | 12-23-83 | 121.7 | 4.6 | 1.2 | 2.34 | 4.22 |
| Chi-Chi's | CHIC | 14.13 | 12.63 | 13.63 | -1.00 | -6.84 | 26.38 | 12.50 | -.79 | .72 | -1.88 | -3.43 | .66 | .26 | F | 65.0 | 121.0 | 10.3 | 20.6 | .00 | .0 | 09-28-83 | 161.7 | 16.7 | 2.6 | 1.87 | 1.62 |
| Chilis Inc | CHLI | 22.25 | 21.75 | 21.75 | -.75 | -3.33 | 24.25 | 12.75 | .20 | -.07 | -2.90 | -3.67 | .29 | .17 | N | NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 |
| Ch Full O Nut | CHF | 9.88 | 8.50 | 8.50 | -1.50 | -15.00 | 19.41 | 8.50 | -.40 | -1.80 | 1.46 | 5.63 | .62 | -.20 | N | -35.7 | -6.0 | 2.9 | 23.6 | .48 | 5.6 | 06-29-84 | 111.6 | 3.2 | 2.9 | .34 | 6.69 |
| Churchs Fr Ch | CHU | 28.25 | 26.63 | 27.00 | -.88 | -3.14 | 32.50 | 21.25 | .18 | -.63 | 3.77 | 16.73 | 1.66 | -.61 | S | -27.4 | .0 | 6.8 | 16.8 | .80 | 3.0 | 10-29-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 |
| Collins Foods | CF | 23.25 | 21.25 | 22.75 | -.38 | -1.62 | 25.00 | 14.88 | -.21 | 1.03 | .59 | -1.70 | 1.77 | .29 | Q | 18.5 | 35.0 | 3.9 | 12.3 | .24 | 1.1 | 09-24-84 | 393.3 | 15.4 | 2.1 | 7.26 | 11.44 |
| Concept Dev | CDII | 7.75 | 6.00 | 7.75 | .75 | 10.71 | 17.69 | 6.00 | -2.17 | 6.64 | 9.58 | 38.82 | .06 | .06 | N | NC | 116.0 | 1.3 | NM | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 |
| Consul Corp | CNSL | 7.50 | 7.13 | 7.38 | -.38 | -4.84 | 18.00 | 7.13 | -.71 | -.16 | -3.71 | -23.72 | .32 | .06 | F | 23.0 | 35.0 | 2.2 | 23.0 | .00 | .0 | 00-00-00 | 63.4 | 1.4 | 5.0 | 1.02 | 5.33 |
| Cracker Barrel | CBRL | 16.75 | 16.25 | 16.50 | -.50 | -2.94 | 25.50 | 15.75 | -.80 | .11 | 7.13 | 6.94 | .86 | .06 | N | 6.8 | 24.0 | 4.4 | 17.7 | .14 | .8 | 09-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 |
| Cucos Inc | CUCO | 3.75 | 3.75 | 3.75 | .00 | .00 | 5.00 | 3.50 | -.06 | .00 | 3.65 | -34.15 | .19 | .19 | N | NC | 38.0 | 8.3 | 19.7 | .00 | .0 | 00-00-00 | 2.4 | .2 | .7 | 20.00 | 50.00 |
| Denny's Inc | DEN | 40.38 | 39.88 | 40.00 | -.25 | -.62 | 41.38 | 30.25 | .06 | .09 | 3.03 | 17.29 | 2.76 | .22 | F | 8.6 | 16.0 | 3.7 | 14.5 | .72 | 1.8 | 09-04-84 | 1216.0 | 44.7 | 1.7 | 17.92 | 17.17 |
| Disney, Walt | DIS | 61.00 | 53.63 | 58.00 | -.88 | -1.49 | 68.50 | 45.25 | .07 | 1.59 | 7.19 | -66.37 | 2.70 | .21 | N | 7.3 | -3.0 | 7.1 | 19.0 | 1.20 | 2.1 | 09-13-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 |
| Diversifoods | DFDI | 13.25 | 11.63 | 13.25 | .25 | 1.92 | 19.25 | 10.50 | -.08 | .23 | 3.11 | -30.47 | .99 | -.13 | S | -11.7 | 63.0 | 6.8 | 13.5 | .17 | 1.3 | 06-22-84 | 484.3 | 32.9 | 1.1 | 2.68 | 5.48 |
| Dunkin Donuts | DUNK | 24.88 | 23.75 | 23.75 | -1.00 | -4.04 | 26.25 | 18.13 | -.05 | -.38 | 1.13 | 48.61 | 1.62 | .25 | N | 15.9 | 23.0 | 10.2 | 13.0 | .32 | 1.3 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 |
| El Torito Rest | ET | 13.13 | 11.63 | 11.63 | -.75 | -6.06 | 14.63 | 9.00 | -.49 | -1.26 | -8.48 | 13.67 | .68 | .85 | S | NC | 43.0 | 4.1 | 13.7 | .00 | .0 | 00-00-00 | 210.7 | 8.6 | .5 | 4.97 | 4.76 |
| Esteban Foods | ESTB | 2.38 | 1.63 | 2.38 | .63 | 35.71 | 5.00 | 1.63 | -.37 | 9.87 | 9.87 | 57.20 | .09 | .09 | S | NC | 22.0 | 1.9 | 26.4 | .00 | .0 | 00-00-00 | 10.3 | .2 | 1.3 | .73 | .81 |
| Fast Food Oper | POPI | .94 | .81 | .81 | -.19 | -18.75 | 2.75 | .81 | -1.12 | .00 | 2.09 | -.07 | .06 | .01 | F | 20.0 | 59.0 | 4.9 | 13.5 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 |
| Flakey Jakes | FJAK | 7.63 | 6.75 | 6.75 | -1.00 | -12.90 | 9.13 | 4.00 | -.30 | -2.42 | -1.02 | 5.71 | -.15 | -.15 | S | NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 |
| Frisch's | FRS | 32.38 | 31.25 | 31.25 | -.75 | -2.34 | 32.94 | 24.00 | .12 | -.67 | 2.89 | 60.94 | 2.21 | .29 | F | 15.1 | 22.0 | 4.0 | 14.1 | .40 | 1.3 | 10-01-84 | 124.0 | 4.9 | 1.3 | 5.73 | 14.56 |
| Fuddruckers Inc | FUDD | 14.25 | 12.00 | 14.25 | .50 | 3.64 | 17.50 | 9.25 | -.41 | 2.80 | -3.50 | -17.38 | .06 | .02 | Q | NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 |
| Garcias Scot | GMEX | 3.63 | 3.00 | 3.00 | -.63 | -17.24 | 9.50 | 3.00 | -.96 | -2.13 | 3.14 | 32.63 | -.48 | -.09 | Q | NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 |
| Gen Mills | GIS | 55.50 | 54.63 | 55.00 | .00 | .00 | 60.00 | 41.63 | .08 | .29 | .50 | 14.86 | 4.98 | -.55 | Q | -10.5 | 12.0 | 4.2 | 11.8 | 2.24 | 4.1 | 10-03-84 | 5600.8 | 233.4 | 1.2 | 8.01 | 27.05 |
| Good Taco | TACO | 3.00 | 2.63 | 2.63 | -.38 | -12.50 | 7.13 | 1.50 | -.18 | -1.79 | -2.99 | -22.48 | -.72 | -.39 | Q | NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 |
| Hambrg Hamlet | HAMB | 11.00 | 10.75 | 10.75 | -.25 | -2.27 | 11.25 | 9.50 | .10 | -.06 | 7.10 | 39.29 | 1.16 | 2.26 | F | NE | -17.0 | 2.3 | 9.3 | .00 | .0 | 00-00-00 | 35.5 | .8 | 1.1 | 20.17 | 13.49 |
| Hilton Hotels | HLT | 52.25 | 50.88 | 51.63 | .88 | 1.72 | 59.50 | 45.50 | .10 | .20 | -6.46 | -9.15 | 3.20 | .30 | S | 10.2 | -1.0 | 14.0 | 15.9 | 1.80 | 3.5 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 |

FINANCIAL NEWS

# Companies brace shareholders for disappointments

(Continued from page 2)
slowdown in consumer spending.

A&M Food Services Inc., a Pizza Hut franchisee based in Tulsa, Okla., is suffering earnings weakness from promotional activity and slightly higher cost of sales, according to analysts at Piper, Jaffray and Hopwood.

Rapid expansion is taking its toll on Consul Corp., a Chi-Chi's franchisee based in Eden Prairie, Minn., Piper, Jaffray said.

Rax Restaurants said its first quarter would fall below last year's first quarter because last year's quarter included record unit volumes that were boosted, in part, by new product introductions.

Rax said it still expects record growth of 140 new systemwide restaurants to be built and to be operating in the year ending July 29, for a total of 486 restaurants.

T.G.I. Friday's said predictions of 18¢ to 20¢ per share were too high "to reflect lower than expected pretax margins."

Daniel R. Scoggin, T.G.I. Friday's president and chief executive, said the company revised its own estimates to include start-up costs associated with recent new unit openings and higher than anticipated insurance, administrative and overhead costs.

In addition, T.G.I. Friday's 1983 third quarter had 14 weeks and 1984's has 13 weeks.

Attempting to discourage quarter-to-quarter earnings comparisons, Scoggin said, "We believe that we should achieve 20% to 30% annual net income growth. And we remain on schedule of 20 new restaurants this year.

"In addition," he said, "we are experiencing some underlying margin improvement late in this quarter and feel the long-term health of the company is on a strong foundation."

Ponderosa's stock price fell 15% after the company advised analysts that it was expecting earnings for its Nov. 1 third quarter to fall below analysts' estimates of 40¢ to 45¢ per share.

The company attributed the slowdown to start-up expenses at Ponderosa's breakfast buffet and its fledgling Casa Lupita Mexican dinnerhouse chain.

## FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Week Ended Oct. 10 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. rate | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct | | | Latest P/E Ratio | Amt. | Yield | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| Holiday Inns | HIA | 39.38 | 35.25 | 36.50 | -2.38 | -6.11 | 54.75 | 35.25 | -.19 | .77 | -1.01 | -35.10 | 3.28 | .41 | S | 14.1 | 12.0 | 7.8 | 11.1 | .90 | 2.5 | 09-05-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 |
| Horn & Hardart | HOR | 9.88 | 9.25 | 9.63 | -.13 | -1.28 | 26.19 | 9.25 | -1.68 | .54 | .46 | -15.70 | 1.09 | .35 | Q | 46.6 | 71.0 | 4.0 | 8.8 | .00 | .0 | 08-15-84 | 339.7 | 13.5 | 1.1 | 3.04 | 7.86 |
| Hungry Tiger | HTIG | 5.25 | 4.50 | 5.00 | .00 | .00 | 9.25 | 4.25 | -.15 | 1.47 | 2.35 | -5.38 | .00 | -.78 | N | -130.0 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 |
| Intl Dairy Queen | INDQ | 40.00 | 39.50 | 40.00 | 1.00 | 2.56 | 40.00 | 32.50 | .05 | .39 | -2.43 | 65.00 | 2.94 | .70 | S | 27.6 | 54.0 | 6.2 | 12.4 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 |
| Int King Tab | IKNG | 16.75 | 15.50 | 16.00 | -.50 | -3.03 | 19.31 | 11.38 | -.05 | -1.24 | 6.38 | 50.07 | 1.27 | .43 | F | 51.1 | 74.0 | 4.9 | 12.6 | .00 | .0 | 09-11-84 | 78.2 | 3.8 | .4 | 4.69 | 2.89 |
| JB's Rest | JBBB | 14.63 | 13.63 | 14.63 | -.25 | -1.68 | 16.25 | 10.38 | -.03 | 2.19 | 4.11 | 20.61 | 1.00 | .07 | N | 6.7 | 20.0 | 4.1 | 13.2 | .20 | 1.4 | 08-06-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 |
| Jerrico Inc | JERR | 17.13 | 16.00 | 16.13 | -1.00 | -5.84 | 19.75 | 11.88 | .11 | -1.54 | 1.38 | -47.15 | 1.28 | .03 | F | 2.4 | 10.0 | 4.2 | 12.6 | .12 | .7 | 08-20-84 | 484.1 | 20.4 | 1.8 | 5.03 | 10.28 |
| Kapok Cp | KPK | 2.50 | 1.13 | 1.25 | -1.38 | -52.38 | 6.25 | 1.13 | -1.91 | -6.99 | 10.78 | 10.67 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 |
| Kelly-Johnston | KEJO | 3.88 | 3.75 | 3.75 | -.38 | -9.09 | 16.00 | 2.63 | -.41 | -.63 | -3.38 | 6.13 | .04 | -.93 | Q | -221.4 | -27.0 | .3 | NE | .00 | .0 | 10-13-82 | 88.1 | .3 | 1.0 | 3.72 | 6.13 |
| Karcher Carl | CARL | 23.75 | 22.75 | 23.00 | -1.00 | -4.17 | 41.75 | 18.75 | -.48 | -.93 | -4.91 | 35.29 | 1.32 | .34 | S | 28.5 | 23.0 | 4.0 | 15.0 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 |
| Luby's Cafe | LUB | 30.25 | 28.50 | 29.00 | -1.50 | -4.92 | 30.50 | 23.63 | .06 | .32 | -7.68 | -26.84 | 1.15 | .23 | N | 20.7 | 27.0 | 9.8 | 21.6 | .54 | 1.9 | 09-10-84 | 141.4 | 13.9 | 1.6 | .45 | 5.85 |
| Marcus Corp | MRCS | 14.63 | 14.38 | 14.50 | -.13 | -.85 | 15.00 | 11.38 | -.02 | .32 | 1.11 | -45.03 | 1.44 | .16 | F | 12.5 | 6.0 | 5.8 | 10.1 | .28 | 1.9 | 07-10-84 | 126.7 | 7.4 | 1.2 | 2.72 | 11.07 |
| Marriott Corp | MHS | 78.00 | 70.75 | 73.00 | -5.25 | -6.71 | 80.25 | 58.50 | .02 | -.27 | .83 | 9.65 | 4.15 | .59 | N | 15.0 | 28.0 | 3.8 | 16.2 | .44 | .6 | 09-17-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 |
| Maverick Rest | MAVR | 5.50 | 5.38 | 5.50 | .00 | .00 | 7.00 | 4.13 | -.20 | .84 | -1.37 | -33.25 | .13 | .13 | S | NC | 85.0 | 9.5 | 42.3 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 |
| McDonald's Cp | MCD | 50.38 | 48.88 | 49.75 | -.63 | -1.24 | 53.88 | 40.84 | -.07 | .09 | -1.59 | 1.68 | 3.83 | .58 | S | 16.4 | 23.0 | 11.4 | 12.1 | .82 | 1.6 | 09-25-84 | 3001.1 | 342.6 | .5 | 13.17 | 19.73 |
| Morrison Inc | MORR | 17.50 | 17.25 | 17.50 | -.25 | -1.41 | 20.75 | 13.13 | -.05 | .26 | -5.66 | -2.13 | 1.48 | .17 | Q | 12.5 | 16.0 | 4.4 | 11.4 | .48 | 2.7 | 10-05-84 | 464.5 | 20.6 | 1.3 | 1.22 | 9.28 |
| Mr Steak | MSST | 1.63 | 1.50 | 1.50 | -.13 | -7.69 | 3.38 | 1.50 | -1.05 | -1.53 | -4.49 | 31.55 | .15 | .10 | N | NE | -33.0 | 1.1 | NE | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 |
| Nathans | NATH | 2.63 | 2.50 | 2.50 | -.13 | -4.76 | 3.44 | 1.78 | .01 | -.48 | .87 | 37.95 | .19 | .17 | Q | 188.8 | 38.0 | 2.0 | 9.6 | .00 | .0 | 09-11-84 | 20.0 | .4 | .8 | .04 | 1.71 |
| Naugles Inc | NAUG | 9.13 | 8.50 | 8.88 | .00 | .00 | 20.25 | 7.25 | -.27 | -.68 | -7.77 | 5.48 | -1.09 | -1.79 | F | -255.7 | -31.0 | -4.4 | NE | .00 | .0 | 11-01-82 | 114.8 | -5.1 | .8 | 6.57 | 4.96 |
| 1 Potato 2 | SPUD | 4.00 | 3.88 | 3.88 | -.13 | -3.13 | 12.50 | 3.88 | -1.92 | -.93 | -8.22 | 30.65 | .05 | .05 | Q | NC | 115.0 | 1.1 | 77.5 | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 |
| Ogden Corp | OG | 26.13 | 24.13 | 25.38 | -.38 | -1.46 | 32.50 | 24.13 | -.55 | .51 | 1.57 | 4.18 | 2.64 | .28 | S | 12.6 | -8.0 | 3.0 | 10.2 | 1.80 | 7.1 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 |
| Old Fashion Fd | OFFI | 5.25 | 5.25 | 5.25 | .00 | .00 | 8.50 | 4.75 | .06 | .06 | -2.66 | -8.57 | .60 | .12 | N | 22.2 | 25.0 | 6.3 | 8.0 | .00 | .0 | 00-00-00 | 9.5 | .6 | 1.7 | 3.01 | 3.01 |
| Pancho Mex Buffet | PAMX | 7.75 | 7.00 | 7.00 | -.63 | -8.20 | 8.25 | 5.88 | -.17 | -1.71 | -2.49 | 16.67 | .43 | .12 | N | 29.2 | 61.0 | 4.8 | 13.2 | .13 | 1.9 | 09-06-84 | 25.1 | 1.2 | 1.2 | .11 | 2.75 |
| Peoples Rest | PEPL | 1.50 | 1.25 | 1.25 | -.13 | -9.09 | 9.75 | 1.25 | -.64 | -2.71 | .42 | -21.98 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 |
| PepsiCo Inc | PEP | 43.63 | 40.88 | 42.13 | -1.63 | -3.71 | 45.50 | 33.88 | -.01 | -.27 | -1.31 | 26.88 | 3.01 | .54 | S | 19.5 | 4.0 | 4.0 | 12.8 | 1.68 | 4.0 | 09-10-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 |
| Piccadilly Caf | PICC | 19.88 | 18.88 | 19.50 | -1.00 | -4.88 | 24.25 | 13.13 | -.67 | .67 | 1.78 | 14.64 | 1.40 | .41 | F | 41.4 | 6.0 | 4.8 | 13.9 | .60 | 3.1 | 09-10-84 | 173.8 | 8.4 | 1.6 | .00 | 7.71 |
| Pillsbury Co | PSY | 39.88 | 38.13 | 39.88 | .25 | .63 | 42.00 | 33.00 | .25 | .59 | -1.03 | -3.11 | 3.91 | .60 | Q | 17.5 | 14.0 | 4.1 | 9.9 | 1.56 | 3.9 | 10-26-84 | 4172.3 | 169.8 | 1.2 | 11.65 | 24.22 |
| Pizza Inn | PZA | 10.13 | 9.63 | 9.75 | -.13 | -1.27 | 15.75 | 8.38 | -.78 | -.25 | -4.12 | 30.37 | 1.14 | .23 | S | 25.8 | 28.0 | 2.5 | 8.7 | .08 | .8 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 |
| Po-Folks | POFO | 13.63 | 13.38 | 13.38 | -.75 | -5.31 | 16.75 | 12.63 | -.53 | -.14 | .28 | 32.88 | .37 | .63 | N | NC | 9.0 | 1.9 | 21.2 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 |
| Ponderosa Sys | PON | 19.38 | 15.00 | 15.63 | -3.50 | -18.30 | 24.88 | 15.00 | -.53 | -4.89 | 6.47 | 37.92 | 1.51 | .07 | S | 4.5 | -2.0 | 2.9 | 9.6 | .40 | 2.6 | 09-18-84 | 418.0 | 12.1 | .8 | 7.66 | 13.57 |
| Prime Mtr Inn | PDQ | 23.38 | 22.13 | 22.38 | -.63 | -2.72 | 25.50 | 16.00 | -.18 | -.35 | -8.13 | -23.39 | 1.20 | .21 | F | 21.2 | 71.0 | 18.0 | 18.6 | .12 | .5 | 10-01-84 | 96.0 | 17.3 | 6.9 | 4.83 | 5.90 |
| Primo Inc | PRMO | 4.38 | 4.00 | 4.38 | .38 | 9.38 | 7.00 | 2.38 | .63 | 1.63 | -4.18 | .73 | .11 | .11 | S | NC | 113.0 | 11.5 | 39.8 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 |
| Ramada Inns | RAM | 7.00 | 6.25 | 6.50 | -.13 | -1.89 | 11.63 | 5.63 | -.36 | -1.60 | -6.06 | -17.29 | .13 | 1.37 | S | NE | -15.0 | .7 | 10.3 | .00 | .0 | 10-19-81 | 572.0 | 4.2 | .7 | 10.62 | 6.41 |
| Rax Restaurants | RAXR | 15.25 | 12.00 | 13.00 | -2.25 | -14.75 | 21.50 | 12.00 | -.54 | -3.72 | 5.16 | 22.78 | .57 | .63 | Q | NC | 57.0 | 3.8 | 20.6 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 |
| Rest Assoc | RA | 8.00 | 7.63 | 7.88 | -.38 | -4.55 | 9.50 | 6.50 | -.34 | .35 | -1.98 | 19.77 | .88 | .09 | S | 12.5 | 20.0 | 1.9 | 9.7 | .00 | .0 | 00-00-00 | 118.8 | 2.2 | 1.0 | 6.40 | 8.21 |
| Rest Systems | RSYS | 13.75 | 13.00 | 13.00 | -.50 | -3.70 | 14.25 | 9.00 | .02 | -1.14 | -1.69 | 5.42 | .72 | .13 | S | 19.4 | 19.0 | 4.7 | 16.3 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 |
| Ritzys G D | RITZ | 4.50 | 4.25 | 4.25 | -.13 | -2.86 | 10.75 | 3.50 | -.71 | -.07 | -1.39 | 6.47 | -.17 | -.11 | S | NE | -56.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 |
| Rusty Pelican | RSTY | 15.50 | 15.00 | 15.50 | .13 | .81 | 17.63 | 10.75 | -.23 | -.02 | 14.24 | 94.53 | .53 | .58 | S | NC | 29.0 | 4.0 | 26.7 | .00 | .0 | 00-00-00 | 30.1 | 1.2 | 1.0 | 6.76 | 2.54 |
| Ryans Fam Steak | RYAN | 19.00 | 18.25 | 18.88 | -.38 | -1.95 | 25.50 | 15.50 | -.30 | .42 | -7.74 | 50.19 | .52 | .27 | S | 71.0 | 59.0 | 10.8 | 29.0 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 |
| Saga Corp | SGA | 32.50 | 29.63 | 31.38 | -.13 | -.40 | 35.50 | 24.63 | -.19 | -.53 | .19 | -14.42 | 2.40 | .47 | F | 24.3 | 62.0 | 2.7 | 13.1 | .44 | 1.4 | 08-20-84 | 1131.0 | 31.0 | 1.0 | 5.86 | 12.70 |
| Sandwich Chef | SHEF | 7.75 | 7.75 | 7.75 | -.25 | -3.13 | 13.00 | 6.75 | -.32 | .16 | -11.14 | 34.48 | .55 | -.15 | F | -21.4 | 7.0 | 2.7 | 14.1 | .00 | .0 | 00-00-00 | 25.6 | .7 | 1.5 | .08 | 5.38 |
| Sea Galley | SEAG | 7.88 | 7.38 | 7.63 | -.13 | -1.61 | 11.63 | 7.13 | -.50 | .64 | 2.97 | 20.34 | .23 | .86 | S | 600.0 | 20.0 | 1.2 | 8.8 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 |
| Servico Inc | SRVI | 22.50 | 20.75 | 22.25 | -.75 | -3.26 | 24.50 | 13.50 | .15 | .01 | 1.30 | -66.76 | 1.19 | .89 | S | 156.1 | 19.0 | 2.5 | 15.2 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 |
| Shoney's Inc | SHON | 32.75 | 32.25 | 32.75 | .25 | .77 | 33.50 | 20.00 | .35 | .34 | -1.41 | 5.41 | 1.17 | .33 | N | 31.4 | 33.0 | 6.0 | 23.7 | .16 | .5 | 10-01-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 |
| Shoney's So | SHNS | 16.25 | 15.75 | 15.88 | -.22 | -1.36 | 16.59 | 11.00 | -.03 | .44 | 1.32 | 16.37 | .99 | .36 | S | 46.7 | 33.0 | 3.5 | 14.0 | .00 | .0 | 10-02-84 | 142.0 | 4.9 | .7 | 2.81 | 7.01 |
| SIS Cp | SISB | 6.00 | 5.50 | 6.00 | .50 | 9.09 | 10.75 | 5.00 | .20 | 1.91 | .69 | 15.38 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 42.9 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 |
| Sizzler Rest Intl | SIZZ | 17.00 | 16.00 | 16.00 | -.75 | -4.48 | 18.75 | 8.75 | -.47 | -.93 | -8.20 | 36.95 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 15.4 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 |
| Skippers | SKIP | 10.00 | 9.25 | 9.25 | -.75 | -7.50 | 11.50 | 8.00 | -.41 | -.20 | -7.84 | 8.82 | .81 | -.01 | S | -1.2 | 24.0 | 4.0 | 11.7 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 |
| Sonesta Intl | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 18.50 | 16.50 | .05 | .12 | -.77 | .00 | 1.02 | -.94 | Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 |
| So Hospitality | SHOS | 4.38 | 4.13 | 4.13 | .00 | .00 | 5.13 | 3.75 | -.34 | .65 | -3.48 | -38.17 | .33 | .06 | F | 22.2 | 90.0 | 4.2 | 12.5 | .00 | .0 | 00-00-00 | 35.7 | 1.5 | .8 | 4.32 | .24 |
| Consol Prdts | COPI | 5.13 | 5.00 | 5.00 | .00 | .00 | 10.00 | 4.75 | .03 | -.30 | -2.27 | 45.45 | .29 | .06 | N | 25.0 | 74.0 | 2.1 | 16.7 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 |
| Taco Viva | TVIV | 8.25 | 8.00 | 8.00 | -.25 | -3.03 | 11.00 | 7.00 | -.19 | -.49 | -2.08 | -25.89 | .40 | .43 | N | NC | 30.0 | 5.1 | 18.6 | .00 | .0 | 06-02-83 | 15.8 | .8 | 1.8 | .75 | 2.34 |
| TGI Friday's | TGI | 10.13 | 8.63 | 9.50 | -.25 | -2.56 | 17.88 | 8.63 | -.84 | -1.45 | 3.66 | -18.98 | .65 | .68 | S | NC | 14.0 | 4.5 | 14.0 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 |
| TGIF Texas | TEXF | 2.38 | 2.38 | 2.38 | .00 | .00 | 7.50 | 2.25 | .06 | .00 | -4.58 | 6.82 | .06 | -.01 | Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 |
| Transworld | TW | 29.63 | 28.38 | 29.00 | -.38 | -1.28 | 33.53 | 22.97 | .02 | .11 | 5.44 | 6.61 | 1.30 | 7.19 | S | NE | 76.0 | 3.2 | 4.5 | .40 | 1.4 | 08-09-84 | 1889.2 | 60.2 | 1.2 | 7.79 | 13.90 |
| USACafes | USCF | 3.88 | 3.63 | 3.88 | -.13 | -3.13 | 5.25 | 2.75 | .46 | .00 | -5.72 | -62.24 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA |
| Vicorp Restaurants | VRES | 19.75 | 18.25 | 18.25 | -1.75 | -8.75 | 22.00 | 12.88 | -.09 | -.58 | -3.34 | -10.92 | .85 | .42 | N | 56.0 | 57.0 | 5.1 | 15.6 | .12 | .7 | 08-17-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 |
| Victoria Stations | VSTA | 4.38 | 3.00 | 3.00 | -2.25 | -42.86 | 9.63 | 3.00 | -1.59 | -9.93 | 10.16 | -55.17 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 |
| Vie de France | VDEF | 14.13 | 13.88 | 14.13 | .00 | .00 | 15.25 | 10.50 | .01 | .41 | -3.59 | 34.63 | .47 | .47 | F | NC | 126.0 | 10.0 | 30.1 | .11 | .8 | 06-11-84 | 43.1 | 4.3 | 1.2 | .18 | 1.08 |
| Wendys Intl | WEN | 19.25 | 17.63 | 18.00 | -1.25 | -6.49 | 20.50 | 12.38 | -.21 | -.55 | -1.19 | 22.45 | 1.01 | .27 | S | 30.3 | 22.0 | 7.7 | 15.5 | .24 | 1.3 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 |
| Wstn Steer | WSMP | 11.00 | 10.75 | 10.75 | -.25 | -2.27 | 13.25 | 9.00 | .37 | -.34 | -8.24 | -12.16 | 1.02 | .07 | Q | 7.1 | 4.0 | 3.3 | 10.2 | .20 | 1.9 | 08-24-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 |
| Winners Cp | WNR | 7.75 | 7.00 | 7.38 | -.13 | -1.67 | 16.25 | 7.00 | -1.40 | -.49 | -2.80 | 1.01 | .63 | .01 | S | 1.6 | 11.0 | 3.3 | 11.9 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | 1.2 | 10.32 | 7.40 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

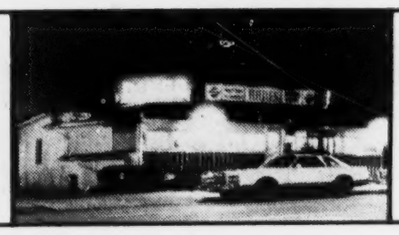
**Footnotes:**

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

***The mushrooming mushroom market***
—Page 25

***Old-fashioned diners are thriving up North***
—Pages 42-43



***Talk to your POS system; it may just be listening***
—Page 52

Nation's
# Restaurant News®
*The Weekly Newspaper of the Food-Service Industry*

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# Pillsbury, PepsiCo lead conglomerate surge

## *Bottom lines boom, but pitfalls trip many*

**By Charles Bernstein**

Major corporations may have a poor record in developing new chain concepts, but some of these key conglomerates are finally scoring heavy bottom-line gains on their restaurant chains.

These companies are generally stepping up their restaurant commitments, developing and rolling out new concepts at a dizzying pace:

• Pillsbury, whose Burger King, Steak & Ale, Bennigan's and Häagen-Dazs restaurants now account for over half of the corporation's sales and profits, is seeking a "non-beef" large fast-food chain acquisition while rolling out J. J. Muggs "upscale burger" service units and testing a new acquired Charlie's upscale seafood restaurant in Dallas as a potential chain.

*(Continued on page 76)*

**RESTAURANT GROUPS**

| Company | Latest Available Fiscal Period | Pretax Operating Profit | % Change from Previous Year's Same Period |
|---|---|---|---|
| Pillsbury | Yr. to 5/30 | $187 million | +38 |
| PepsiCo | 9 mos. to 9/30 | $122 million | +19 |
| W. R. Grace | 3rd qtr. to 9/30 | $4.8 million | +27 |
| General Mills | Yr. to 5/27 | $70 million | −12 |

# *Election eve issues*

## Food service braces for new attacks in '85

**By Ken Rankin**
*Washington Editor*

WASHINGTON — As restaurateurs head for the polls Nov. 6, they will face congressional choices that food-service lobbyists consider critical for the industry.

No matter what happens in the presidential election, enough House and Senate races are up for grabs to reshape the complexion of Congress.

And with Congress expected to decide such crucial pock-

*(Continued on page 76)*

**U.S. team captain Richard Schneider working in the display kitchen in the Restaurant of Nations at the Olympics.**

# U.S. gains the gold; Canada 'World title'

**By Susan Spedalle**

FRANKFURT — American chefs swept to dramatic victories with first place medals in both the "hot food" and "cold platter" competitions at the 1984 Culinary Olympics here this month.

But the Canadian team, scoring the highest combined point total in all three Olympic events, walked away with the "World Championship." According to new rules set by the German Chefs Association, the overall title winner is not eligible for the first, second or third-place medals.

Japan took the top award in the "hot food presented cold" category, the third major competition.

Second place in the hot food event was a tie between Aus-

*More stories and photos appear on pages 4-5. Olympic coverage continues next week.*

tralia and Norway. Ireland took third.

In cold food competition, West Germany was second behind the United States and Japan, third.

In hot food presented cold, Switzerland and West Germany followed Japan with second and third-place medals.

INSIDE NRN

**VICORP: The right-sized company in the right place at the right time** . . . . . 10

**CALIFORNIA cuisine has had a profound influence on Roger Greenfield's new Chicago restaurant** . 19

**PROMOTION testing is not a scientific procedure, so don't look to your computer for results** . . . . 57

**INDEX**

| | | | |
|---|---|---|---|
| Opinion | 6 | Computers & Food Service | 52 |
| Spotlight on Finance | 10 | Advertising & Promotions | 57 |
| Wall Street View | 10 | Managing Human Resources | 60 |
| Inside Washington | 13 | New Products | 65 |
| Food Trends | 25 | Classified | 67-72 |
| Inside Purchasing | 28 | People | 72 |
| Manufacturer News | 46 | Financial | 74-75 |

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Bernstein on the hotel boom: Page 6

BEST COPY AVAILABLE

# Pig Heaven's unique sell off to banner start

*By an* NRN *Staff Writer*

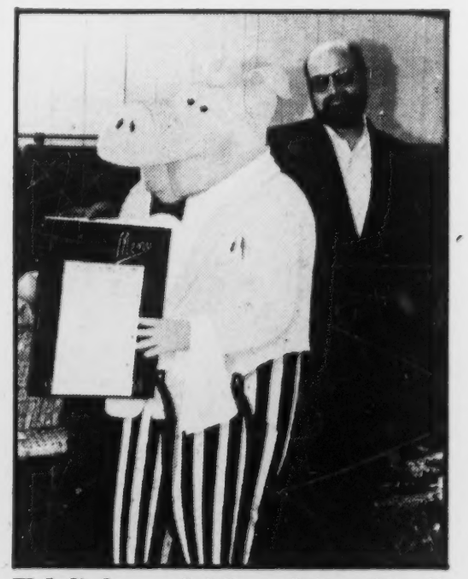
NEW YORK — Is Manhattan's fashionable Upper East Side ready for a Chinese restaurant decorated like a barnyard and called Pig Heaven?

It seems the answer's yes. During its first month of business—and with no advertising—Pig Heaven averaged 150 covers nightly during the week and 300 to 400 on weekends. Moreover, trendy New Yorkers seemed to be happy to sit around bright yellow, oilcloth-covered tables and to shell out $15 per person for dinner.

"I'm sure the name scares some people away," Ed Schoenfeld, co-owner with veteran restaurateur David Keh of the new 100-seat restaurant, admits. "But we wanted a place that's fun and crazy—with serious food."

In addition to a menu that

*(Continued on page 76)*



**Ed Schoenfeld and "waiter" at New York's Pig Heaven.**

# *Buyout plan may sunder Diversifoods*

**By Patricia Stoll**
*Midwest Editor*

ITASCA, Ill. — Diversifoods, food service's 19th-largest revenue producer, might be dissolved, industry analysts say, if the investor group headed by chief executive officer Donald N. Smith and investment banker Allen & Co. pull off their proposed $525 million buyout.

Just one year after it was born out of the merger of explosively expanding Godfather's Pizza and giant Burger King franchisee Chart House, which was searching for new growth areas, Diversifoods may have to be split up to pay for the pending deal, these observers say.

Wall Streeters and other insiders predict that a successful buyout would put all the company's concepts but Godfather's on the block in time.

The pizza chain would remain Smith's "baby," according to these sources. "Godfather's is his prime expansion vehicle," said Roger Lipton, managing director of Lipton Research, in New York.

Diversifoods' other restau-

*(Continued on page 76)*

# Institutional feeders voice concerns over hi-tech shift

## *Leery of missing elements in 'higher profits' equation*

By Don Jeffrey

LAKE BUENA VISTA, Fla. — Contract food-service managers, facing significant demographic changes as well as sharply increased costs of energy, labor and real estate, have been urged to move forward into the computer age to create more efficient and more profitable operations.

But some operators are warning that the expensive food-preparation machines employing the latest technology may be too sophisticated for the people who will have to run them.

In addition, they say, these devices may be full of hidden costs, such as the high price of replacing or repairing parts and the need to pay and train higher-skilled workers to operate them.

These were some important points made here this month at the fall conference of the Society for Foodservice Management—the organization that serves institutional feeders of business and industry.

Several equipment manufacturers and food producers told operators that the new technology and processes would help them adapt to consumers' increasing demands for foods that are fresher, lighter and more healthful and contain fewer calories.

Institutional feeders obviously are bracing themselves for the same kinds of demographic and menu changes that commercial restaurateurs and fast-food operators have dealt with by introducing lighter-styled meals and side items.

Robert Knight, vice president of a large equipment manufacturer, told the managers, "You tell us what you need. It's up to the manufacturer to meet that need."

Knight and other suppliers talked about innovations and products such as convertible multitemperature food bars, aseptic packaging, cryogenic freezing, pulse combination cookers, biotechnology, "smart" dishwashers and robotics.

In an interview Neil Reyer, vice president of Chemical Bank's restaurant services, warned of a "food-service technological gap" in which the sophistication of the equipment was moving far ahead of the skills of the workers who would operate it.

"We'll have to increase training programs for employees. It's gonna cost money," he said, adding, "and turnover is high."

Another theme of the conference was growth through market expansion. Arnold Calabrese, an executive of a big food supplier, exhorted the contract managers to "think global, think long term."

Citing a study that showed that 27% of all major food-service chains had units in Southeast Asia, he said that region is likely to be the principal area of growth in the world for

*(Continued on page 73)*

# General Mills opens prototype York's Choices unit

By Rick Telberg

TROY, Mich. — General Mills has converted a York Steak House here to a new concept called York's Choices in a bid to reposition its budget steakhouses as family restaurants.

The new restaurant model could serve as a prototype for systemwide makeovers beginning next June, said York president Ron Magruder.

"*Steakhouse* says heavy, expensive, red meat," Magruder said as he walked through the unit at the Oakland Mall. "But *Choices* says variety. York's Choices doesn't tie us to any one kind of food."

Four weeks after reopening as Choices, sales were running "conservatively" 30% above preconversion levels, Magruder said. The typical York Steak House does about $1.1 million per year.

Magruder said a second Choices was due to open this week in Toledo, Ohio, at the Northtown Mall.

Six more takeovers are due by June 1985, and then a chainwide conversion schedule could be mapped, he said, adding, "This could be our new growth vehicle." York shut down 22 money-losing units a year ago.

Magruder said he expected conversion costs to range from $100,000 to $200,000 per restaurant. He estimated downtime at five days.

In another development, York is rolling pork rib slabs into 119 restaurants this month. They are priced at $6.49, or $6.95 for carryout.

Magruder said the key to Choices' sales boost was a dramatically revised decor that brightens the restaurant interior and throws the dining room open to view for mall shoppers. All but 10 of the 130 York units are located in shopping malls.

**York president Ron Magruder (right) on Choices: "There's nothing we're not testing now. We've slaughtered all the sacred cows."**

"We've looked around at retailers in the malls to figure out what gets shoppers into stores," Magruder said. "Look around: We're getting women, children, families coming in for lunch or cheesecake and coffee."

At the first Choices, all signs of a Middle Ages castle motif, York's hallmark since its birth in 1969, have been abandoned for a more contemporary, generic ambience.

The wall separating the restaurant from the mall walkway was torn down to reveal an earth-toned, fern-inhabited dining room. Windows

*(Continued on page 73)*

**COMMODITIES**

## More citrus canker is found in Florida

*NRN* Special Report

A seventh nursery with canker-infected citrus trees was found in Florida in mid-October, and the scare worsens. This time the nursery in which the infection was found had no connection with the first six, all of which had purchased stock from one another.

U.S. Department of Agriculture and Florida Citrus Commission officials fear the nonconnection means there is an unsuspected source of the infection, which may be spread even farther despite the draconian destruction of citrus seedlings in nurseries and in the more than 150 groves to which suspected stock had been sold. So far the only good news is that no canker has shown up in mature trees in any of the groves inspected.

But the most recently affected nursery has been selling seedlings and young trees to the "retail" market, where possibly infected ones could fall into the hands of the public through such firms as K mart and other retailers that sell in large quantities. Since canker is suspected of being spread by people and equipment and even the wind, this may involve an

*(Continued on page 73)*

### Price Movement at a Glance

| Cash Prices | Oct. 12, 1983 | Sept. 12, 1984 | Oct. 12, 1984 |
|---|---|---|---|
| Beans, lima, dry, large, Calif. (cwt.) | $43-$44 | $58-$59 | $42 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.92 | $ 0.95 | $ 0.92 |
| Broilers, Grade A dressed, icepack, N.Y.C. (lb.) | $ 0.5577 | $ 0.5770 | $ 0.5299 |
| Coconut, dried, Fancy cut, Philippines (lb.) | $ 0.70 | $ 0.80 | $ 0.85 |
| Coffee, green beans, Brazil, N.Y.C. (lb.) | $ 1.42 | $ 1.46 | $ 1.40 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.78 | $ 0.67-$0.69 | $ 0.59-$0.61 |
| Lettuce, iceberg, Calif. (24s) | $10-$12 | $ 7-$9 | $ 7-$9.50 |
| Peaches, Cling, Choice HS, Calif. (6/10) | $15.50 | $16-$17 | $17-$17.75 |
| Pork loins, No. 1, 14-17 lb., Midwest (lb.) | $ 0.905 | $ 1.02 | $ 0.88 |
| Potatoes, round white, No. 1, Long Island (50 lb.) | $ 4.62 | $ 3.50-$3.62 | $ 3-$3.12 |

*Source:* NRN *Research*

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# McD promo targets Halloween safety

*By an* NRN *Staff Writer*

OAK BROOK, Ill. — McDonald's is promoting Halloween "safety" this year by urging consumers to purchase and distribute gift certificates for dessert items to young trick-or-treaters.

The chain has sold gift certificates at Halloween and other holidays in the past, but this is the first time ads and point-of-sale promotional materials have emphasized the safety aspect so much. In recent years there have been numerous reports of trick-or-treaters receiving apples, cookies, candies and other items containing razor blades, pins or poison.

A booklet of 12 gift certificates for sundae samplers, fruit pies, ice cream cones and McDonaldland cookies was selling for $1.08 in New York. Purchased separately, the items would cost more than $5, according to one store manager.

With each purchase, a customer receives a decorative plastic trick-or-treat bag with safety tips for children, including advice to carry a flashlight, to walk on sidewalks and to stay out of unfamiliar neighborhoods.

Customers also receive a small poster with an illustration of a bright orange pumpkin emblazoned with the Golden Arches logo and the McDonald's name.

# Staley clinches deal to buy CFS Continental

*By an* NRN *Staff Writer*

CHICAGO — Staley Manufacturing Co., a large grain, oil seed and corn syrup supplier, says it has reached a definitive agreement to acquire institutional food-service distributor CFS Continental. An earlier Dart & Kraft offer for CFS will be terminated.

Staley had stunned industry observers with a $38-a-share tender offer for CFS worth $350 million after Dart & Kraft and CFS had agreed on terms of $33 a share, or $290 million total.

CFS Continental is reportedly about to announce revenues of $1.4 billion for its recently ended fiscal year. The company is food service's second-largest distributor. Staley's interest is seen as lessening its dependence on its corn syrup business.

# FINANCIAL NEWS

## Group gets control of Topsy's board

KANSAS CITY, Mo. — An investor group that holds a 38% stake in Topsy's International Inc. has taken control of the company's board of directors.

Topsy's, which operates snack bars in discount stores and in malls, said it nominated three directors from the group to join two others on the nine-seat board.

"It was in the best interest of the shareholders not to dissipate money in a proxy fight," M. Avery Murray, Topsy's president and chief executive, said. The group, he said, "had a good chance of prevailing" in a proxy fight.

## Golden Corral Realty expands stock offer

RALEIGH, N.C. — Golden Corral Realty Corp. expanded its initial offering to 1.22 million from one million shares priced at $10 each. The company, a real estate investment trust, was formed by the 322-unit Golden Corral Corp. to purchase at least 25 new family steakhouses and to lease them back to the parent.

## Chili's Inc. plans secondary stock sale

DALLAS — Chili's Inc. said it plans a secondary offering of 800,000 shares, 600,000 of which would be sold by current shareholders. Chili's would have 4.4 million shares outstanding after the sale.

## Wall St. analysts: McD's report No. 1

NEW YORK — Wall Street's top securities analysts, asked to pick the best of corporate America's annual reports, chose McDonald's Corp. among the 49 winners, according to *Institutional Investor* magazine.

Polling its All-America Team of stock pickers, the magazine quoted one analyst: "Generally, reports in this industry are poor.

Yet McDonald's stood out. "The annual gives a lot of breakdown for a one-product company," one analyst was quoted, "but it gives so much information that it's not the most pleasurable to read."

## Horn & Hardart to sell notes

NEW YORK — Horn & Hardart Co., owner of the Bojangles' chicken and biscuit chain, said it planned to sell $35 million worth of subordinated notes due October 1991. The proceeds would be used for general purposes, including possible acquisitions, the company said.

Horn & Hardart executives had earlier expressed interest in acquiring an unspecified pizza chain.

## FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

# Stock market rises: Winners top losers, 47-36

NEW YORK — A rising stock market appeared to stabilize restaurant stocks in the latest period covered by the *Nation's Restaurant News* Food-Service Stock Analysis Table.

Advancing issues beat declining issues 47 to 36, with 17 unchanged.

In the same period the Dow Jones Industrial Average rose from 1182 to 1196. Analysts said the market was aided by reports of looser monetary controls at the Federal Reserve Bank and counter inflationary pressures of a slowing economy and reduced oil prices.

Nine of the top 10 volume leaders for the latest five-day trading period gained in price. Leading the list, Diversifoods, which announced a plan to go private at $15.50 per share, turned over 6.4 million shares, closing at $14 per share, up $1.

Esteban Foods led the percentage price-winners list, closing at $2.50, an 88¢ gain. Esteban said another company had initiated negotiations for Esteban's food-processing division, which accounts for half of Esteban's revenue. Esteban also owns 10 Mexican dinnerhouses.

Victoria Station's stock price dropped the most, closing at $3.38, down 88¢, after flirting with its 52-week low of $3. Two money-management firms controlled by FMR Corp. said they planned to reduce their 16% stake to 8% of Victoria Station's outstanding shares.

### VOLUME LEADERS

| Company Name | The Week's Volume (100's) | Company Name | The Week's Volume (100's) |
|---|---|---|---|
| Diversifoods | 64,142 | 1 Potato 2 | 295 |
| Jerrico Inc | 10,311 | Horn & Hardart | 1,449 |
| PepsiCo Inc | 7,402 | Peoples Rest | 437 |
| McDonald's Cp | 7,033 | Pillsbury Co | 4,811 |
| Pillsbury Co | 4,811 | McDonald's Cp | 7,033 |

### TOP FIVE GAINERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Week |
|---|---|---|---|
| Esteban Foods | 291 | 2.50 | + 53.8 |
| Concept Dev | 369 | 7.75 | + 29.2 |
| Allegheny Bev | 2,571 | 19.75 | + 27.4 |
| Kapok Cp | 435 | 1.75 | + 16.7 |
| Chi – Chi's | 4,262 | 15.13 | + 15.2 |

### TOP FIVE LOSERS

| Company Name | The Week's Volume (100's) | Latest Closing Prices | % Price Change Last Week |
|---|---|---|---|
| Victoria Station | 1,390 | 3.38 | – 20.6 |
| Ritzys G D | 388 | 3.63 | – 19.4 |
| Good Taco | 219 | 2.38 | – 17.4 |
| Nathans | 79 | 2.25 | – 14.3 |
| Calibre Cp | 50 | 4.00 | – 13.5 |

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Week Ended Oct. 17 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | | | | | | | | Long Term Debt | Common Stock Equity |
| Name | Symbol | High | Low | Close | Amt | Pct | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct | | | | Amt. | Yield | | Revenue | Earnings | | | |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| A&M Food Svcs | AMFD | 4.25 | 3.88 | 4.13 | -.13 | -2.94 | 8.75 | 3.88 | -.50 | -.22 | -1.68 | 23.43 | .40 | -.06 | S -13.3 | 6.0 | 4.3 | 10.6 | .00 | .0 | 00-00-00 | 25.4 | 1.1 | 2.5 | 1.21 | 2.19 |
| Acapulco Rest | ALAR | 4.25 | 4.13 | 4.25 | .13 | 3.03 | 6.50 | 3.88 | -.34 | .37 | -3.57 | -7.14 | -2.05 | -1.90 | S -117.6 | -74.0 | -12.9 | NE | .00 | .0 | 01-06-81 | 37.9 | -4.9 | 1.8 | 6.37 | 1.01 |
| Allegheny Bev | ABEV | 20.00 | 15.50 | 19.75 | 4.25 | 27.42 | 20.00 | 13.44 | .74 | -.22 | 9.26 | -18.29 | 1.67 | .00 | S .0 | 33.0 | 2.1 | 12.7 | .40 | 2.0 | 04-06-84 | 526.1 | 10.8 | 1.8 | 30.14 | 10.01 |
| Am Motor Inns | INN | 21.00 | 20.38 | 20.75 | .13 | .61 | 21.75 | 12.50 | .04 | -.51 | -1.15 | -21.17 | 1.26 | .01 | S .8 | 34.0 | 8.6 | 18.2 | .16 | .8 | 08-09-84 | 162.5 | 13.9 | 1.8 | 6.02 | 7.95 |
| ARA Services | ARA | 67.88 | 67.25 | 67.63 | .25 | .37 | 67.88 | 40.25 | .66 | -.11 | -4.97 | -12.46 | 4.51 | .92 | N 23.0 | -1.0 | 1.8 | 13.7 | 2.10 | 3.1 | 08-27-84 | 3056.6 | 53.7 | 1.1 | 22.33 | 44.24 |
| Assoc Hosts | AHST | 16.75 | 15.25 | 15.38 | -1.75 | -10.22 | 17.13 | 10.50 | .55 | -1.86 | .73 | -14.32 | .72 | .33 | N 61.1 | 1.0 | 3.6 | 17.7 | .12 | .8 | 09-11-84 | 88.3 | 3.2 | 1.3 | 5.25 | 5.71 |
| Beefsteak Char | BCS | 3.13 | 2.88 | 3.13 | .13 | 4.17 | 5.00 | 2.63 | -.54 | 1.14 | .67 | 24.22 | -1.30 | -2.34 | Q -285.3 | -53.0 | -7.0 | NE | .00 | .0 | 00-00-00 | 95.2 | -6.7 | 1.7 | 3.13 | 3.54 |
| Bob Evans Farms | BOBE | 19.00 | 18.25 | 19.00 | .50 | 2.70 | 24.00 | 14.75 | .06 | .55 | .17 | -18.96 | .98 | .07 | Q 7.5 | 14.0 | 8.0 | 19.0 | .30 | 1.6 | 08-06-84 | 201.7 | 16.1 | 2.4 | .00 | 6.20 |
| Brock Hotel Cp | BHC | 4.63 | 4.00 | 4.00 | -.50 | -11.11 | 7.63 | 4.00 | -.26 | -2.33 | 5.71 | -4.40 | .17 | -.04 | S -22.2 | -10.0 | .7 | 28.6 | .10 | 2.5 | 07-05-84 | 319.8 | 2.2 | .8 | 15.66 | 4.47 |
| Calibre Cp | CLBR | 4.63 | 4.00 | 4.00 | -.63 | -13.51 | 9.00 | 3.25 | .19 | -2.02 | -4.16 | 34.00 | .07 | -.20 | S NC | -67.0 | 3.2 | NE | .00 | .0 | 00-00-00 | 6.3 | .2 | .9 | .60 | 2.12 |
| Calny Food | CLNY | 9.50 | 8.25 | 9.25 | .50 | 5.71 | 10.75 | 7.25 | -.06 | 2.06 | -.17 | 42.04 | .52 | .07 | S 14.0 | 5.0 | 4.8 | 16.2 | .16 | 1.7 | 08-08-84 | 43.6 | 2.1 | 1.3 | .66 | 3.76 |
| Capt Crab Inc | CRAB | 2.25 | 1.88 | 2.25 | .13 | 5.88 | 7.13 | 1.63 | -.46 | 2.40 | -1.96 | 26.17 | .00 | -.05 | N NC | -67.0 | .0 | NE | .00 | .0 | 00-00-00 | 1.5 | .0 | 7.5 | .01 | .29 |
| Carrols Cp | CRL | 8.88 | 8.50 | 8.75 | .00 | .00 | 10.88 | 7.13 | -.51 | .68 | -1.11 | -12.20 | .68 | .09 | Q 15.7 | 70.0 | 3.8 | 13.3 | .05 | .6 | 12-23-83 | 121.7 | 4.6 | 1.2 | 2.34 | 4.22 |
| Chi-Chi's | CHIC | 15.13 | 12.63 | 15.13 | 2.00 | 15.24 | 25.75 | 12.50 | -.64 | 1.70 | .27 | -.75 | .66 | .26 | F 65.0 | 121.0 | 10.6 | 22.9 | .00 | .0 | 09-28-83 | 158.0 | 16.7 | 3.2 | .96 | 3.54 |
| Chilis Inc | CHLI | 22.00 | 20.25 | 20.50 | -1.50 | -6.82 | 24.25 | 12.75 | -.12 | -1.84 | -2.97 | 10.02 | .29 | .17 | N NC | 2.0 | 6.4 | NM | .00 | .0 | 00-00-00 | 31.2 | 2.0 | 1.3 | 1.82 | .63 |
| Ch Full O Nut | CHF | 9.25 | 8.38 | 8.63 | -.38 | -4.17 | 19.06 | 8.38 | -.41 | -.32 | 3.99 | -12.53 | .62 | -.20 | N -35.7 | -6.0 | 2.9 | 24.0 | .48 | 5.6 | 06-29-84 | 111.6 | 3.2 | 2.9 | .34 | 6.69 |
| Churchs Fr Ch | CHU | 28.88 | 26.63 | 28.50 | .63 | 2.24 | 32.50 | 21.25 | .24 | 1.09 | 2.85 | 8.21 | 1.66 | -.61 | S -27.4 | .0 | 6.8 | 17.7 | .80 | 2.8 | 10-29-84 | 464.1 | 31.6 | 1.8 | .62 | 11.74 |
| Collins Foods | CF | 24.50 | 22.25 | 24.25 | 1.75 | 7.78 | 25.00 | 14.88 | -.19 | 1.19 | 1.77 | 2.93 | 1.77 | .29 | Q 18.5 | 35.0 | 3.9 | 13.1 | .24 | 1.0 | 09-24-84 | 393.3 | 15.4 | 2.1 | 7.26 | 11.44 |
| Concept Dev | CDII | 8.00 | 6.13 | 7.75 | 1.75 | 29.17 | 17.69 | 6.00 | -1.53 | -.08 | 4.03 | -8.22 | .06 | .06 | N NC | 116.0 | 1.3 | NM | .00 | .0 | 06-12-84 | 7.8 | .1 | 1.0 | .32 | 1.59 |
| Consul Restaurant | CNSL | 7.75 | 7.13 | 7.75 | .38 | 5.08 | 17.88 | 7.13 | -.48 | .57 | -2.15 | -13.48 | .32 | .06 | F 23.0 | 35.0 | 2.2 | 24.2 | .00 | .0 | 00-00-00 | 63.4 | 1.4 | 2.8 | 7.13 | 6.09 |
| Cracker Barrel | CBRL | 17.75 | 16.25 | 17.50 | 1.13 | 6.87 | 25.25 | 15.75 | -.57 | 1.72 | 5.17 | -6.99 | .86 | .06 | N 6.8 | 24.0 | 4.4 | 18.8 | .14 | .8 | 09-04-84 | 45.7 | 2.0 | 4.1 | 2.64 | 7.33 |
| Cucos Inc | CUCO | 3.75 | 3.75 | 3.75 | .00 | .00 | 5.00 | 3.50 | .04 | -.25 | 3.05 | -6.57 | .19 | .19 | N NC | 38.0 | 8.3 | 19.7 | .00 | .0 | 00-00-00 | 2.4 | .2 | .7 | 20.00 | 50.00 |
| Denny's Inc | DEN | 40.38 | 39.88 | 40.13 | .00 | .00 | 41.38 | 30.25 | .10 | -.13 | -.78 | -50.88 | 2.76 | .22 | F 8.6 | 16.0 | 3.7 | 14.5 | .72 | 1.8 | 09-04-84 | 1216.0 | 44.7 | 1.7 | 17.92 | 17.17 |
| Disney, Walt | DIS | 59.38 | 54.50 | 58.50 | 3.50 | 6.36 | 68.50 | 45.25 | -.10 | .13 | 1.87 | -20.07 | 2.70 | .21 | N 7.3 | -3.0 | 7.1 | 19.2 | 1.20 | 2.1 | 09-13-84 | 1307.4 | 93.2 | 1.4 | 10.04 | 40.58 |
| Diversifoods | DFDI | 14.63 | 12.38 | 14.00 | 1.00 | 7.69 | 19.13 | 10.50 | .47 | 1.33 | 2.82 | 16.14 | .99 | -.13 | S -11.7 | 63.0 | 6.8 | 14.3 | .26 | 1.9 | 10-09-84 | 484.3 | 32.9 | 1.1 | 2.68 | 5.48 |
| Dunkin Donuts | DUNK | 24.00 | 22.75 | 23.00 | -1.13 | -4.66 | 26.25 | 18.13 | -.14 | -.86 | 2.21 | -.33 | 1.62 | .25 | N 15.9 | 23.0 | 10.2 | 12.6 | .32 | 1.4 | 08-13-84 | 77.5 | 7.9 | .9 | 5.93 | 9.56 |
| El Chico | ELCH | 8.63 | 8.38 | 8.63 | .38 | 4.55 | 14.75 | 7.75 | -.01 | -.04 | -2.08 | 42.81 | .80 | .78 | Q NC | 68.0 | 4.7 | 11.1 | .00 | .0 | 01-04-84 | 77.0 | 3.6 | 1.7 | .37 | 4.04 |
| El Torito Rest | ET | 13.13 | 11.63 | 13.00 | .63 | 5.05 | 14.63 | 9.00 | -.51 | 2.07 | -3.37 | 27.00 | .68 | .85 | S NC | 43.0 | 4.1 | 15.3 | .00 | .0 | 00-00-00 | 210.7 | 8.6 | .5 | 4.97 | 4.76 |
| Esteban Foods | ESTB | 2.50 | 1.63 | 2.50 | .88 | 53.85 | 5.00 | 1.63 | .69 | 1.04 | 7.39 | -16.25 | .09 | .09 | S NC | 22.0 | 1.9 | 27.8 | .00 | .0 | 00-00-00 | 10.3 | .2 | 1.3 | .73 | .81 |
| Fast Food Oper | POPI | .88 | .81 | .88 | .00 | .00 | 2.75 | .81 | -1.20 | 1.52 | 1.21 | 28.63 | .06 | .01 | F 20.0 | 59.0 | 4.9 | 14.6 | .00 | .0 | 00-00-00 | 6.1 | .3 | .7 | .02 | .41 |
| Flakey Jakes | FJAK | 7.63 | 6.75 | 7.63 | .25 | 3.39 | 9.13 | 4.00 | -.46 | 1.82 | -1.99 | 28.13 | -.15 | -.15 | S NC | NC | -23.1 | NE | .00 | .0 | 00-00-00 | 2.6 | -.6 | 2.0 | .27 | 1.02 |
| Frisch's | FRS | 32.13 | 30.88 | 31.13 | -1.25 | -3.86 | 32.94 | 24.00 | .14 | -.31 | -1.43 | -62.07 | 2.21 | .29 | F 15.1 | 22.0 | 4.0 | 14.1 | .40 | 1.3 | 10-01-84 | 124.0 | 4.9 | 1.0 | 5.56 | 16.28 |
| Fuddruckers Inc | FUDD | 14.50 | 13.38 | 13.50 | .13 | .93 | 17.50 | 9.25 | -.16 | -1.46 | 1.76 | 12.65 | .06 | .02 | Q NC | 7.0 | 2.0 | NM | .00 | .0 | 00-00-00 | 10.0 | .2 | 4.9 | .56 | 1.26 |
| Garcias Scot | GMEX | 3.88 | 2.88 | 3.63 | .25 | 7.41 | 9.50 | 2.88 | -.51 | 4.12 | 3.63 | -17.84 | -.48 | -.09 | Q NE | 1.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 36.2 | -2.2 | .9 | .55 | 3.61 |
| Gen Mills | GIS | 56.13 | 54.63 | 55.38 | .63 | 1.14 | 60.00 | 41.63 | -.01 | -.42 | -2.66 | 10.46 | 4.98 | -.55 | Q -10.5 | 12.0 | 4.2 | 11.9 | 2.24 | 4.0 | 10-03-84 | 5600.8 | 233.4 | 1.2 | 8.01 | 27.05 |
| Good Taco | TACO | 2.75 | 2.38 | 2.38 | -.50 | -17.39 | 7.00 | 1.50 | -.23 | -2.42 | .20 | 36.13 | -.72 | -.39 | Q NE | -63.0 | -187.5 | NE | .00 | .0 | 00-00-00 | .8 | -1.5 | 8.7 | .04 | 1.56 |
| Hamburg Hamlet | HAMB | 11.00 | 10.75 | 10.75 | -.25 | -2.27 | 11.25 | 9.50 | .08 | -.14 | 5.37 | -16.67 | 1.16 | 2.26 | F NE | -17.0 | 2.3 | 9.3 | .00 | .0 | 00-00-00 | 35.5 | .8 | 1.1 | 20.17 | 13.49 |
| Hilton Hotels | HLT | 52.50 | 51.25 | 52.13 | .63 | 1.21 | 59.50 | 45.50 | .18 | .08 | -8.96 | -7.85 | 3.20 | .30 | S 10.2 | -1.0 | 14.0 | 16.1 | 1.80 | 3.5 | 08-31-84 | 611.6 | 85.9 | 2.6 | 9.06 | 23.73 |
| Holiday Inns | HIA | 38.25 | 35.50 | 37.88 | 2.13 | 5.94 | 54.75 | 35.25 | -.24 | .23 | .23 | -13.80 | 3.28 | .41 | S 14.1 | 12.0 | 7.8 | 11.5 | .90 | 2.4 | 09-05-84 | 1585.1 | 124.4 | .7 | 12.90 | 27.76 |

*FINANCIAL NEWS*

# Transworld 3rd-quarter net profit up 62% to $36.3M

NEW YORK — Aided by strong performance in its food-service division, Transworld Corp. posted $36.3 million in net profit for the third quarter, ended Sept. 30—a 62% advance over the year-ago period.

In its third reporting period since spinning off Trans World Airlines, Transworld recorded $511.4 million in revenue from continuing operations, a 4% gain from last year.

For the year to date, Transworld reported net profit of $85.5 million, up 90% from last year. Nine-month revenue rose 7%, to $1.48 billion.

"Transworld's domestic food-service businesses continued to benefit from the recovery and low inflation while our real estate operations have begun to slow down in the face of higher interest rates," said L. Edwin Smart, Transworld chairman and chief executive.

"Our international hotel business is showing improved profits despite the negative effects of the strong dollar," he said.

Transworld operates Hilton International Co., Canteen Corp. and the Century 21 Real Estate Corp.

**Growth Plans**

Rebounding from recession, Canteen Corp. posted third-quarter pretax earnings of $12.3 million, a 7% gain. Canteen's third-quarter revenues rose 8%, to $217.5 million.

Spartan Food Systems, the fastest-growing segment of Transworld's business, showed quarterly pretax earnings of $16 million, an 18% advance, on revenue of $111.4 million, also an 18% advance. Spartan had 473 restaurants at quarter's end, an increase of 12 Hardee's and 38 Quincy's from last year.

Hilton International recorded pretax earnings in the quarter of $13 million, up 4%, on revenue of $163.6 million, a 7% decline. Occupancy rates were 67%, one point higher than last year, and foreign exchange losses were $586,000, compared to losses last year of $1.3 million.

For the nine months ended Sept. 30, Canteen's earnings rose 33%, to $23.2 million, on an 11% revenue rise, to $611.5 million.

Spartan's nine-month earnings advanced 18%, to $43 million, and revenue increased 21%, to $315.3 million.

Hilton's year-to-date earnings rose 4%, to $35.4 million, and revenue was down 5%, to $501.4 million.

## FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Week Ended Oct. 17 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change | | | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | | Pct | | | | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity |
| - | - | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | % | - | $ | % | - | $ Mil | $ Mil | - | $ | $ |
| Horn & Hardart | HOR | 10.25 | 9.38 | 10.25 | .88 | 9.33 | 24.75 | 9.25 | -1.44 | .92 | -2.49 | 45.70 | 1.09 | .35 | Q | 46.6 | 71.0 | 4.0 | 9.3 | .00 | .0 | 08-15-84 | 339.7 | 13.5 | 1.1 | 3.04 | 7.86 |
| Hungry Tiger | HTIG | 5.13 | 4.63 | 5.00 | .00 | .00 | 9.00 | 4.25 | -.13 | -.12 | .27 | -28.95 | .00 | -.78 | N | -130.0 | -17.0 | .0 | NE | .00 | .0 | 11-15-82 | 63.8 | .0 | .9 | 4.75 | 3.66 |
| Intl Dairy Queen | INDQ | 40.00 | 39.50 | 40.00 | .50 | 1.27 | 40.00 | 32.50 | .10 | -.13 | -3.82 | -4.17 | 2.94 | .70 | S | 27.6 | 54.0 | 6.2 | 12.4 | .00 | .0 | 00-00-00 | 115.7 | 7.2 | 1.0 | 11.31 | 7.21 |
| Int King Tab | IKNG | 16.50 | 15.25 | 16.25 | -.50 | -2.99 | 18.88 | 11.38 | -.04 | -.14 | 4.91 | 9.77 | 1.27 | .43 | F | 51.1 | 74.0 | 4.9 | 12.8 | .00 | .0 | 09-11-84 | 78.2 | 3.8 | .4 | 4.69 | 2.89 |
| JB's Rest | JBBB | 14.88 | 14.00 | 14.50 | .88 | 6.42 | 16.25 | 10.38 | .04 | -.40 | .01 | -1.08 | 1.00 | .07 | N | 6.7 | 20.0 | 4.1 | 13.1 | .20 | 1.4 | 08-06-84 | 53.3 | 2.2 | 1.0 | 5.17 | 7.42 |
| Jerrico Inc | JERR | 17.75 | 15.50 | 17.75 | .75 | 4.41 | 19.63 | 11.88 | -.02 | 2.90 | 2.09 | 30.44 | 1.28 | .03 | F | 2.4 | 10.0 | 4.2 | 13.9 | .12 | .7 | 08-20-84 | 484.1 | 20.4 | 1.5 | 4.54 | 11.47 |
| Kapok Cp | KPK | 2.00 | 1.13 | 1.75 | .25 | 16.67 | 6.13 | 1.13 | -2.31 | -1.05 | 9.22 | -10.82 | -1.29 | -.92 | F | NE | -52.0 | -22.0 | NE | .00 | .0 | 00-00-00 | 12.3 | -2.7 | .7 | 1.74 | 2.45 |
| Kelly-Johnston | KEJO | 3.88 | 3.50 | 3.63 | -.25 | -6.45 | 16.00 | 2.63 | -.39 | -1.29 | -3.71 | -13.51 | .04 | -.93 | Q | -221.4 | -27.0 | .3 | NE | .00 | .0 | 10-13-82 | 88.1 | .3 | 1.0 | 3.72 | 6.13 |
| Karcher Carl | CARL | 23.75 | 22.50 | 22.75 | -1.00 | -4.21 | 39.50 | 18.75 | -.29 | -.84 | 2.00 | 29.78 | 1.32 | .25 | N | 19.3 | 21.0 | 4.0 | 14.8 | .00 | .0 | 02-16-83 | 289.8 | 11.5 | 1.6 | 10.04 | 9.89 |
| Luby's Cafe | LUB | 30.25 | 28.50 | 30.00 | .13 | .42 | 30.50 | 23.63 | .20 | .96 | 2.41 | .77 | 1.15 | .23 | N | 20.7 | 27.0 | 9.8 | 22.4 | .54 | 1.8 | 09-10-84 | 141.4 | 13.9 | 1.6 | .45 | 5.85 |
| Marcus Corp | MRCS | 14.50 | 14.00 | 14.00 | -.38 | -2.61 | 15.00 | 11.38 | -.06 | -.75 | .44 | -7.32 | 1.44 | .16 | F | 12.5 | 6.0 | 5.8 | 9.7 | .28 | 2.0 | 07-10-84 | 126.7 | 7.4 | 1.2 | 2.72 | 11.07 |
| Marriott Corp | MHS | 75.50 | 70.75 | 75.25 | 1.88 | 2.56 | 80.25 | 58.50 | -.01 | .47 | .27 | -24.00 | 4.15 | .59 | N | 15.0 | 28.0 | 3.8 | 16.6 | .44 | .6 | 09-17-84 | 3036.7 | 115.2 | .8 | 39.87 | 23.37 |
| Maverick Rest | MAVR | 5.75 | 5.38 | 5.75 | .38 | 6.98 | 7.00 | 4.13 | -.08 | 1.10 | .29 | -18.81 | .13 | .13 | S | NC | 85.0 | 9.5 | 44.2 | .00 | .0 | 00-00-00 | 6.3 | .6 | 2.3 | .06 | .82 |
| McDonald's Cp | MCD | 53.75 | 49.38 | 53.75 | 4.13 | 8.31 | 53.88 | 40.84 | .12 | 1.46 | -.96 | -.42 | 3.83 | .58 | S | 16.4 | 23.0 | 11.4 | 13.1 | .82 | 1.5 | 09-25-84 | 3001.1 | 342.6 | .5 | 13.17 | 19.73 |
| Morrison Inc | MORR | 17.50 | 17.00 | 17.13 | -.25 | -1.44 | 20.25 | 13.13 | -.11 | -.41 | -3.88 | 6.89 | 1.48 | .17 | Q | 12.5 | 16.0 | 4.4 | 11.2 | .48 | 2.8 | 10-05-84 | 464.5 | 20.6 | 1.3 | 1.22 | 9.28 |
| Mr Steak | MSST | 1.63 | 1.38 | 1.63 | .00 | .00 | 3.34 | 1.38 | -1.04 | 4.56 | -7.51 | -28.43 | .15 | .10 | N | NE | -33.0 | 1.1 | NE | .00 | .0 | 03-26-84 | 63.2 | .7 | 1.3 | 1.34 | 1.42 |
| Nathans | NATH | 2.50 | 2.25 | 2.25 | -.38 | -14.29 | 2.97 | 1.78 | -.30 | -2.56 | -1.48 | 25.74 | .19 | .17 | Q | 188.8 | 38.0 | 2.0 | 8.7 | .00 | .0 | 09-11-84 | 20.0 | .4 | .8 | .04 | 1.71 |
| Naugles Inc | NAUG | 9.25 | 8.75 | 8.88 | -.25 | -2.74 | 20.25 | 7.25 | -.13 | -1.00 | -3.32 | -4.59 | -1.09 | -1.79 | F | -255.7 | -31.0 | -4.4 | NE | .00 | .0 | 11-01-82 | 114.8 | -5.1 | .8 | 6.57 | 4.96 |
| 1 Potato 2 | SPUD | 4.38 | 3.88 | 4.38 | .38 | 9.38 | 12.50 | 3.88 | -1.51 | 2.80 | -.41 | 50.71 | .05 | .05 | Q | NC | 115.0 | 1.1 | 87.5 | .00 | .0 | 00-00-00 | 9.3 | .1 | 1.2 | .98 | 3.63 |
| Ogden Corp | OG | 25.63 | 24.38 | 25.25 | .88 | 3.59 | 32.50 | 24.13 | -.52 | -.39 | 1.30 | -16.89 | 2.64 | .28 | S | 12.6 | -8.0 | 3.0 | 10.1 | 1.80 | 7.1 | 09-10-84 | 1727.8 | 52.5 | 1.9 | 15.29 | 18.87 |
| Old Fashion Fd | OFFI | 5.25 | 5.25 | 5.25 | .00 | .00 | 8.25 | 4.75 | .06 | -.12 | -2.25 | -55.56 | .60 | .12 | N | 22.2 | 25.0 | 6.3 | 8.0 | .00 | .0 | 00-00-00 | 9.5 | .6 | 1.7 | 3.01 | 3.01 |
| Pancho Mex Buffet | PAMX | 7.50 | 7.00 | 7.00 | -.50 | -6.67 | 8.13 | 5.88 | -.27 | -.79 | -5.02 | -11.11 | .43 | .12 | N | 29.2 | 61.0 | 4.8 | 13.2 | .13 | 1.9 | 09-06-84 | 25.1 | 1.2 | 1.2 | .11 | 2.75 |
| Peoples Rest | PEPL | 1.50 | 1.13 | 1.50 | .13 | 9.09 | 9.75 | 1.13 | -.48 | 1.33 | 1.57 | -78.39 | .28 | -.32 | N | -160.0 | 115.0 | 7.5 | NE | .00 | .0 | 00-00-00 | 25.3 | 1.9 | 1.3 | 1.86 | 4.41 |
| PepsiCo Inc | PEP | 44.63 | 40.88 | 43.38 | 1.13 | 2.66 | 45.50 | 33.88 | .02 | -.05 | -1.56 | 11.79 | 3.01 | .54 | S | 19.5 | 4.0 | 4.0 | 13.1 | 1.68 | 3.9 | 09-10-84 | 7093.6 | 284.1 | 1.3 | 8.76 | 19.18 |
| Piccadilly Caf | PICC | 20.50 | 19.00 | 20.00 | 1.00 | 5.26 | 24.25 | 13.13 | -.56 | .40 | 1.06 | 25.85 | 1.40 | .41 | F | 41.4 | 6.0 | 4.8 | 14.3 | .60 | 3.0 | 09-10-84 | 173.8 | 8.4 | 1.6 | .00 | 7.71 |
| Pillsbury Co | PSY | 42.88 | 38.63 | 42.13 | 3.25 | 8.36 | 42.88 | 33.00 | .28 | .70 | .77 | 25.54 | 3.91 | .60 | Q | 17.5 | 14.0 | 4.1 | 10.5 | 1.56 | 3.7 | 10-26-84 | 4172.3 | 169.8 | 1.2 | 11.65 | 24.22 |
| Pizza Inn | PZA | 10.00 | 8.63 | 9.00 | -.88 | -8.86 | 15.75 | 8.38 | -.92 | -1.81 | 1.02 | -34.83 | 1.14 | .23 | S | 25.8 | 28.0 | 2.5 | 8.0 | .08 | .9 | 07-17-84 | 146.9 | 3.6 | 1.2 | 15.12 | 7.77 |
| Po-Folks | POFO | 13.50 | 13.00 | 13.00 | -.63 | -4.59 | 16.63 | 12.63 | -.37 | -.54 | -2.86 | -3.97 | .37 | .63 | N | NC | 9.0 | 1.9 | 20.6 | .00 | .0 | 00-00-00 | 69.8 | 1.3 | 1.1 | 4.68 | 4.95 |
| Ponderosa Sys | PON | 18.00 | 15.00 | 15.75 | -2.38 | -13.10 | 24.88 | 15.00 | -.97 | .74 | 4.47 | 32.03 | 1.51 | .07 | S | 4.5 | -2.0 | 2.9 | 9.7 | .40 | 2.5 | 09-18-84 | 418.0 | 12.1 | .8 | 7.66 | 13.57 |
| Prime Mtr Inn | PDQ | 23.50 | 21.50 | 23.50 | 1.00 | 4.44 | 25.50 | 16.00 | -.12 | 1.89 | -3.17 | -40.39 | 1.20 | .21 | F | 21.2 | 71.0 | 18.0 | 19.6 | .12 | .5 | 10-01-84 | 96.0 | 17.3 | 6.9 | 4.83 | 5.90 |
| Primo Inc | PRMO | 4.50 | 4.38 | 4.50 | .25 | 5.88 | 7.00 | 2.38 | .70 | -.21 | 1.66 | -44.76 | .11 | .11 | S | NC | 113.0 | 11.5 | 40.9 | .00 | .0 | 00-00-00 | 2.6 | .3 | 1.6 | .83 | 1.08 |
| Ramada Inns | RAM | 6.75 | 6.25 | 6.75 | -.13 | -1.82 | 11.63 | 5.63 | -.08 | 1.03 | 1.56 | 11.73 | .13 | 1.37 | S | NE | -15.0 | .7 | 10.7 | .00 | .0 | 10-19-81 | 572.0 | 4.2 | .7 | 10.62 | 6.41 |
| Rax Restaurants | RAXR | 13.75 | 12.00 | 13.25 | -1.50 | -10.17 | 21.50 | 12.00 | -.64 | .23 | 3.80 | 17.77 | .57 | .63 | Q | NC | 57.0 | 3.8 | 21.0 | .00 | .0 | 00-00-00 | 63.0 | 2.4 | 1.7 | 4.33 | 3.63 |
| Rest Assoc | RA | 8.00 | 7.63 | 7.75 | -.13 | -1.59 | 9.50 | 6.50 | -.30 | .72 | 2.32 | 29.72 | .88 | .09 | S | 12.5 | 20.0 | 1.6 | 9.6 | .00 | .0 | 00-00-00 | 141.1 | 2.2 | 1.0 | 112.50 | 144.44 |
| Rest Systems | RSYS | 13.75 | 12.50 | 12.75 | -1.00 | -7.27 | 14.25 | 9.00 | -.15 | -.74 | -3.61 | -41.78 | .72 | .13 | S | 19.4 | 19.0 | 4.7 | 15.9 | .00 | .0 | 00-00-00 | 29.6 | 1.4 | 1.8 | 1.21 | 5.19 |
| Ritzys G D | RITZ | 4.38 | 3.00 | 3.63 | -.88 | -19.44 | 10.75 | 3.00 | -.50 | -5.97 | 2.63 | 13.46 | -.17 | -.11 | S | NE | -56.0 | -9.6 | NE | .00 | .0 | 11-25-83 | 8.3 | -.8 | .7 | .17 | 2.29 |
| Rusty Pelican | RSTY | 15.50 | 15.00 | 15.13 | -.38 | -2.42 | 17.63 | 10.75 | -.29 | .10 | 11.75 | -44.43 | .53 | .58 | S | NC | 29.0 | 4.0 | 26.1 | .00 | .0 | 00-00-00 | 30.1 | 1.2 | 1.0 | 6.76 | 2.54 |
| Ryans Fam Steak | RYAN | 20.00 | 18.75 | 20.00 | 1.00 | 5.26 | 25.25 | 15.50 | .05 | .96 | -4.20 | -16.16 | .52 | .27 | S | 71.0 | 59.0 | 10.8 | 30.8 | .00 | .0 | 04-20-83 | 19.5 | 2.1 | 8.2 | .19 | 3.89 |
| Saga Corp | SGA | 33.00 | 31.38 | 32.75 | .50 | 1.55 | 35.50 | 24.63 | -.07 | .28 | .08 | -11.18 | 2.40 | .47 | F | 24.3 | 62.0 | 2.7 | 13.6 | .44 | 1.3 | 08-20-84 | 1131.0 | 31.0 | 1.0 | 5.86 | 12.70 |
| Sandwich Chef | SHEF | 7.75 | 7.50 | 7.50 | -.25 | -3.23 | 11.75 | 6.75 | -.31 | -.74 | .60 | -27.14 | .55 | -.15 | F | -21.4 | 7.0 | 2.7 | 13.6 | .00 | .0 | 00-00-00 | 25.6 | .7 | 1.5 | .08 | 5.38 |
| Sea Galley | SEAG | 7.75 | 7.38 | 7.63 | .00 | .00 | 11.63 | 7.13 | -.25 | -.24 | -1.04 | -46.98 | .23 | .86 | S | 600.0 | 20.0 | 1.2 | 8.8 | .00 | .0 | 06-02-81 | 73.0 | .9 | .6 | 5.06 | 3.18 |
| Servico Inc | SRVI | 22.25 | 21.50 | 21.88 | -.63 | -2.78 | 24.50 | 13.50 | .12 | -.14 | -1.16 | 7.36 | 1.19 | .89 | S | 156.1 | 19.0 | 2.5 | 15.0 | .00 | .0 | 09-09-83 | 151.0 | 3.7 | 1.1 | 59.39 | 6.82 |
| Shoney's Inc | SHON | 34.25 | 32.38 | 34.25 | 1.63 | 4.98 | 34.25 | 20.00 | .51 | 1.02 | 2.30 | 15.41 | 1.17 | .33 | N | 31.4 | 33.0 | 6.0 | 24.8 | .16 | .5 | 10-01-84 | 392.8 | 23.4 | 1.6 | 2.64 | 6.83 |
| Shoney's South | SHNS | 16.00 | 15.63 | 15.63 | -.13 | -.79 | 16.59 | 11.00 | -.07 | .02 | 2.03 | 36.23 | .99 | .36 | S | 46.7 | 33.0 | 3.5 | 13.8 | .00 | .0 | 10-02-84 | 142.0 | 4.9 | .7 | 2.81 | 7.01 |
| SIS Cp | SISB | 6.00 | 5.50 | 5.50 | .00 | .00 | 10.75 | 5.00 | .19 | -.11 | .59 | 45.12 | .14 | .13 | F | 300.0 | 65.0 | 4.4 | 39.3 | .00 | .0 | 00-00-00 | 4.5 | .2 | 6.0 | .97 | 2.65 |
| Sizzler Rest Intl | SIZZ | 16.50 | 15.75 | 16.00 | -1.00 | -5.88 | 18.75 | 8.75 | -.49 | -.90 | -5.41 | 5.57 | 1.01 | .08 | N | 8.3 | 15.0 | 4.5 | 15.4 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 2.3 | 1.49 | 6.27 |
| Skippers | SKIP | 9.50 | 9.25 | 9.25 | .00 | .00 | 11.50 | 8.00 | -.36 | -.69 | -5.45 | -45.42 | .81 | -.01 | S | -1.2 | 24.0 | 4.0 | 11.7 | .06 | .6 | 04-02-84 | 50.5 | 2.0 | 1.3 | 1.84 | 6.39 |
| Sonesta Intl | SNSTA | 18.50 | 18.50 | 18.50 | .00 | .00 | 18.50 | 16.50 | .06 | -.12 | -2.61 | 33.33 | 1.02 | -.94 | Q | -118.9 | -17.0 | 2.3 | NE | .30 | 1.6 | 06-04-84 | 73.4 | 1.7 | .7 | 41.07 | 6.99 |
| So Hospitality | SHOS | 4.38 | 4.13 | 4.13 | .00 | .00 | 5.13 | 3.75 | -.03 | -.81 | -6.73 | -20.47 | .33 | .06 | F | 22.2 | 90.0 | 4.2 | 12.5 | .00 | .0 | 00-00-00 | 35.7 | 1.5 | .8 | 4.32 | .24 |
| Consol Prdts | COPI | 5.13 | 5.00 | 5.00 | .00 | .00 | 10.00 | 4.75 | .10 | .12 | -6.85 | -52.63 | .29 | .06 | N | 25.0 | 74.0 | 2.1 | 16.7 | .00 | .0 | 00-00-00 | 63.4 | 1.3 | 1.3 | 4.90 | 3.05 |
| Taco Viva | TVIV | 8.25 | 7.75 | 8.00 | .00 | .00 | 10.75 | 7.00 | -.20 | -.80 | -5.68 | 23.68 | .40 | .43 | N | NC | 30.0 | 5.1 | 18.6 | .00 | .0 | 06-02-83 | 15.8 | .8 | 1.8 | .75 | 2.34 |
| TGI Friday's | TGI | 9.88 | 9.00 | 9.13 | -.63 | -6.41 | 17.88 | 8.63 | -.84 | -1.36 | 1.32 | 16.70 | .65 | .68 | S | NC | 14.0 | 4.5 | 13.4 | .00 | .0 | 00-00-00 | 229.5 | 10.4 | 1.9 | 2.44 | 6.94 |
| TGIF Texas | TEXF | 2.38 | 2.38 | 2.38 | .00 | .00 | 7.50 | 2.25 | .05 | .00 | .37 | 43.33 | .06 | -.01 | Q | NC | 120.0 | .0 | NE | .00 | .0 | 00-00-00 | 9.0 | .0 | .9 | 1.19 | 1.92 |
| Transworld | TW | 29.13 | 28.63 | 28.88 | .13 | .43 | 33.53 | 22.97 | -.02 | -.26 | 3.88 | 44.45 | 1.30 | 7.19 | S | NE | 76.0 | 3.2 | 4.5 | .40 | 1.4 | 08-09-84 | 1889.0 | 60.2 | 1.2 | 7.79 | 13.90 |
| USACafes | USCF | 3.88 | 3.63 | 3.63 | -.25 | -6.45 | 5.25 | 2.75 | .03 | -.93 | -8.59 | -62.96 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA |
| Vicorp Restaurants | VRES | 19.00 | 17.63 | 18.38 | -.50 | -2.65 | 22.00 | 12.88 | -.35 | .83 | -7.92 | -22.59 | .85 | .42 | N | 56.0 | 57.0 | 5.1 | 15.7 | .12 | .7 | 08-17-84 | 93.8 | 4.8 | 1.0 | 6.03 | 5.30 |
| Victoria Stations | VSTA | 3.88 | 3.00 | 3.38 | -.88 | -20.59 | 9.63 | 3.00 | -2.00 | -1.72 | 7.59 | -55.04 | -1.02 | -.44 | N | NE | -61.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 |
| Vie de France | VDEF | 14.13 | 14.00 | 14.13 | .13 | .89 | 15.25 | 10.50 | .08 | -.13 | 5.01 | .19 | .47 | .47 | F | NC | 126.0 | 10.0 | 30.1 | .11 | .8 | 06-11-84 | 43.1 | 4.3 | 1.2 | .18 | 1.08 |
| Wendys Intl | WEN | 18.63 | 17.63 | 18.50 | .00 | .00 | 20.50 | 12.75 | -.23 | .15 | -2.29 | -.95 | 1.01 | .27 | S | 30.3 | 22.0 | 7.7 | 15.9 | .24 | 1.3 | 08-06-84 | 715.1 | 55.2 | .7 | 1.59 | 5.67 |
| Wstn Steer | WSMP | 10.75 | 10.75 | 10.75 | .00 | .00 | 13.25 | 9.00 | .31 | -.14 | -2.90 | 5.00 | 1.02 | .07 | Q | 7.1 | 4.0 | 3.3 | 10.2 | .20 | 1.9 | 08-24-84 | 36.1 | 1.2 | 1.6 | 5.02 | 10.04 |
| Winners Cp | WNR | 7.75 | 6.75 | 7.50 | -.25 | -3.23 | 16.25 | 6.75 | -.96 | 1.27 | 1.49 | -78.49 | .63 | .01 | S | 1.6 | 11.0 | 3.3 | 12.1 | .00 | .0 | 03-10-83 | 88.2 | 2.9 | 1.2 | 10.32 | 7.40 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

***Footnotes:***

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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# Leading conglomerates see big gains on bottom lines

(Continued from page 1)

(Pillsbury has been eying Diversifoods and Jerrico as possible acquisition candidates.)

• PepsiCo, showing rapid profit gains from Pizza Hut and Taco Bell, is pushing a blossoming 50-unit Boulangerie bakery-sandwich chain as a developing food-service vehicle and has just acquired the 45-unit Golden Bear family-restaurant chain to further widen Pizza Hut's Midwest presence.

• W. R. Grace , slower than others on the restaurants' bottom line, is acquiring the Casa Maria and Charley Brown's dinnerhouses to go respectively with its El Torito Mexican dinnerhouses and Far West dinnerhouses. Grace also has just moved to purchase a 49% interest in the San Francisco-based Bravo Fono premium ice cream chain.

• General Mills (a partial exception to the "rule" of not starting one's own new concept) is trying a new Choices Midwest family steakhouse with a wider-based menu as a potential successor to York family houses, is testing three Olive Garden restaurants in Orlando and is carrying out a $104 million two-year remodeling program to put mesquite grills, oyster bars and other new touches in its Red Lobster seafood dinnerhouses.

• International Multifoods, with more than 1,000 Mr. Donut shops, has become a major franchisee of the Nankin Express Chinese fast-food chain and is accelerating its all-you-can-eat Boston Sea Party dinnerhouses while testing Pasta Galley fast-food units.

These efforts highlight a new striving by some of the conglomerates to boost their presence, diversity, share of market and—most of all—profits in restaurant commitments. Yet there are still serious questions about whether the large corporations can wield enough individual entrepreneurial flair and flexibility to succeed with a multitude of chains.

While fast-food chain acquisitions are yielding much higher ROI's, the ventures into dinnerhouses have generally posed far more of a challenge to large corporations in terms of generating real growth and quality, beyond more and more acquisitions and constant expansion. In many ways the conglomerates are "prisoners" of the chains they own. Performance rides entirely on how the chains are doing in their own individual segments, rather than on any magic wand or money bag that a conglomerate can produce.

Those conglomerates that are showing increased restaurant profits are exercising a decentralized approach with the authority vested in each chain or in the "entrepreneur" directing that chain.

"Pillsbury is relying very heavily in our corporate strategic plans on the continued growth of our restaurants under decentralized management," declared Pillsbury Co. vice chairman Winston Wallin. Jeffrey Campbell, Burger King chairman and ceo, and Michael Jenkins, new S&A Restaurants ceo, report to Wallin.

Pillsbury's restaurant division's net profits for its first quarter, ended Aug. 31, soared 28%. This followed a fiscal year in which the restaurant division—sparked by Burger King—surged 38%, to $187 million, in operating profits. Burger King, which has just signed to operate food-service units at 185 European military bases, led the way with comparative domestic sales rises as high as 26% and average unit sales nearing $1 million while Steak & Ale was up almost 15%, to $1.45 million, and Bennigan's was flat at $2.3 million.

"Yes, we are flat at Bennigan's," Wallin conceded, "and we may stay flat. But that's a heckuva high level to achieve in the first place."

PepsiCo scored a 19% operating profit rise, to $121.6 million, on a 23% revenue increase, to $1.25 billion, for its Pizza Hut and Taco Bell chains and the small Boulangerie chain for the nine months ended Sept. 30. "Taco Bell actually showed the fastest profit growth," a spokesman said.

W. R. Grace's restaurant group is showing steady profit increases in its various divisions, but on a far smaller scale than the other conglomerates' restaurant holdings. Grace's group showed a 27% operating profit increase, to $4.8 million, for its latest quarter, ended Sept. 30. But $3 million of this was derived from Grace's 74% ownership of El Torito Mexican dinnerhouses, which achieved a $4.045 million net profit. Thus, the profits are very marginal at most of Grace's other restaurant holdings.

"All our divisions, including fast food, were up and were profitable," declared Grace restaurant group strategic planning and marketing vice president Robert Schmidt at the group's Irvine, Calif., headquarters. It is believed that the fledgling fast-food division of Del Taco (now Del Taco Mexican Cafes) and T. J. Applebee's "adult fast feeders" previously were in the red.

Grace should top $800 million in total restaurant sales this year, but some consider its endless mix of diverse restaurants a handicap in terms of control and quality.

# Lobbyists brace for onslaught

(Continued from page 1)

etbook issues as business meal deductions, Federal minimum wage policy, tip reporting relief proposals and the fate of the Targeted Jobs Tax Credit program, next week's election could mark a turning point for food-service operators and employees alike.

Don't look to industry groups such as the National Restaurant Association, the Foodservice and Lodging Institute or the International Franchise Association to offer any detailed advice on who to vote for next week, however.

Given the complex nature of the issues facing the next Congress, political party affiliations may not provide much guidance to food-service operators seeking to support "pro-industry" candidates.

Although Republicans are more likely to side with the restaurant industry on tax and labor issues, Democrats have aligned with food-service groups in other critical legislative areas recently.

In the final analysis, the only real guideposts available to restaurateurs for selecting the next Congress are the positions of individual candidates on issues of critical importance to the industry.

Fortunately, those issues are easy to pinpoint even before the elections. Here's what the next Congress will decide:

• Business meal tax deductions—the old "three-martini lunch" issue will roar back to life early next year as Congress scrambles for ways to reduce the bulging Federal deficit.

• Targeted Jobs Tax Credits—another potential victim of Congressional budget cutters in 1985. The program, which offers Federal wage subsidies to employers of newly hired disadvantaged workers, has produced multimillion dollar payroll cost relief to many large food-service chains.

• Tax increase/"reform" proposals—no matter who wins next week's Presidential election, some form of tax increase to trim the Federal deficit appears inevitable. Proposals already on the table range from Walter Mondale's plan for a business tax surcharge and higher income-tax rates for the "rich," to higher Federal excise taxes on liquor, beer and wine.

• Fringe benefit taxes—this year Congress opened the door a crack for IRS to tax employee benefits as wages. The next Congress will be under heavy pressure to go even further.

• The Federal minimum wage—which has remained unchanged at $3.35 per hour since Jimmy Carter was in office. Organized labor is itching to mount a drive to raise the pay floor beyond $5, but probably won't as long as the Republicans control the Senate. Unless the Democrats capture both chambers of Congress next week, look for a continuation of the stalemate.

## Buyout may sunder Diversifoods

(Continued from page 1)

rant holdings are the Chart House dinnerhouses, Luther's Bar-B-Que restaurants, Moxie's upscale burger operation and 377 franchised Burger Kings.

Current fiscal year revenues for the whole combine are estimated at $576 million, giving it 19th place in *Nation's Restaurant News*' 1984 ranking of food service's Top 100 companies.

Burger King accounts for about 60% of Diversifoods' operating profit and more than half its revenue. In the past the cash flow from the BK's had been dumped into new concept development and expansion.

But the consensus is that Diversifoods is going to have to fix problems that have disappointingly stalled Godfather's, thus making the Burger Kings and other concepts first choice for the for-sale tags.

The pizza chain hit its stumbling block with its late—and apparently inadequate—deep-dish pan pizza introduction last year. A newer, lighter version isn't expected to help earnings much until 1985.

## The reign of the 'Trader' is over

(Continued from page 2)

of 6 with the loss of his left leg, which was amputated because of complications that developed from an illness.

In 1934 Bergeron borrowed $500 to buy two barrels of beer and lease a wooden shack in an obscure part of Oakland, Calif., near the service station he had operated. Hinky Dink's, the original name of his place, showcased its owner's talent for mixing drinks and cooking savory, inventive meals in the manner taught him by his parents.

Singing in a booming voice, telling profane jokes, even plunging an ice pick into his wooden leg to entertain customers, Bergeron created an offbeat reputation for himself and his unconventional restaurant that Depression era San Franciscans embraced.

The name Trader Vic's was supplied by his first wife, Esther Lynn.

His ability to cultivate an affluent clientele was enhanced by a knack for introducing unusual foods and cooking styles to those who craved a taste of the exotic. Green peppercorns, morel mushrooms, kiwi fruit and snow peas are among the items he popularized, all the while opening Western kitchens to the culinary influences of the Orient.

Bergeron is survived by his wife, Helen; sons Victor and Lynn; daughters Jeanne and Yvonne "Bonnie" Bergeron Seely; a stepdaughter, Helen Ann DeWerd, and 12 grandchildren.

# Pig Heaven opens in N.Y.

(Continued from page 1)

features a number of popular as well as obscure pork dishes, the restaurant is decorated with hay bales stacked in the corners and loose hay scattered on the floor.

To further emphasize the theme, the rough barnwood paneling has been painted pink, a mural of pigs was commissioned from a French painter, and a 6-ft.-tall plywood pig holding a menu has been set outside the front door as a sort of greeter.

"When you're trying to merchandise something," Schoenfeld says, "having a strong identity is probably the best single asset you can possess."

On the basis of public response so far, that asset could translate into $2 million gross sales during Pig Heaven's first year, he says.

Despite the pig motif and decor, Pig Heaven is ultimately a serious restaurant with a 110-dish menu that rivals in scope and size many of the best Chinese restaurants in New York—an area of the food-service industry both Keh and Schoenfeld are already familiar with.

"Pig Heaven is a Chinese restaurant with a full Chinese menu," Schoenfeld says. "It offers some pork specialties, but also roasted and barbecued meat specialties, seafood specialties and dumpling specialties. It has a very eclectic menu."

But, its numerous selections notwithstanding, there is no mistaking the menu's slant toward pork. First courses are listed under the subtitles "Cold Pig," "Cold No Pig," "Hot Pig," and "Hot No Pig."

Following these are 24 barbecue and pork specials.

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